CITY OF RICHLAND HILLS, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

New Fire Station- Project Completion Summer 2021

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2021

3200 Diana Drive, Richland Hills, Texas 76118 817-616-3800 richlandhills.com

CITY OF RICHLAND HILLS, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2021

Prepared by the Finance Department

CITY OF RICHLAND HILLS, TEXAS
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

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INTRODUCTORY SECTION

CITY OF RICHLAND HILLS, TEXAS

(817) 616-3800 • 3200 DIANA DRIVE • RICHLAND HILLS, TEXAS 76118

March 16, 2022

The Honorable Mayor, Members of the City Council,
and Citizens of Richland Hills (the "City")

Submitted herewith is the Annual Comprehensive Financial Report (ACFR) of the City of Richland Hills, Texas, for the fiscal year ended September 30, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

THE REPORTING ENTITY

The City of Richland Hills is a political subdivision of the State, incorporated as a municipal corporation in 1950. The City operates under the laws of the State and the City's home rule charter, approved by the citizens in 1985 as a council-manager form of government. Policy-making and legislative authority are vested in a governing city council consisting of the mayor and five other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's city manager. The city manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. Council members serve two-year staggered terms with three council members elected in odd-numbered years and the mayor and two council members elected in even-numbered years. The mayor and council members are elected from the community at large. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. The City of Richland Hills voters approved a one percent local sales and use tax at an election held on December 5, 1967.

The City provides a full range of municipal services that include police and fire protection, emergency medical services, animal control services, municipal court, construction and maintenance of streets and drainage infrastructure, planning and zoning, economic development, code enforcement, library services, parks and recreational activities and cultural events, and general administrative services. Water and wastewater services and sanitation services are provided as an operation of the City and therefore have been included as an integral part of the City's financial statements. The Richland Hills Development Corporation (a Type B Economic Development Corporation) and Richland Hills Crime Control and Prevention District are legally separate entities but are in substance part of the government's operation and are included in the ACFR.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

Richland Hills is situated Northeast Tarrant County in the middle of the Dallas / Fort Worth Metroplex, the major metropolitan area in the north central part of the state, and is approximately 7 miles from downtown Fort Worth, 30 miles from downtown Dallas, and approximately 15 miles from DFW International Airport. Richland Hills is served by three state-numbered highways, SH 121, SH 26, and SH 10 (Baker Blvd. in Richland Hills), as well as the Trinity Railway Express (TRE), a commuter rail line between Fort Worth and Dallas operated jointly by Dallas Area Rapid Transit (DART) and the Fort Worth Transit Authority (The T). The City of Richland Hills occupies a land area of 3.9 square miles, is approximately 98% developed, and serves an estimated population of 7,940.

As it is widely recognized, revenue sources for municipalities are primarily driven from ad-valorem (property), sales and use taxes. In 2021, Richland Hill's experienced a 9% increase in net assessed taxable value due to an increase in residential and commercial property valuation and an upward trend in economic recovery. The property tax base remains diverse with the top ten taxpayers accounting for 13.4% of the total assessed value. In the General Fund, property tax revenues accounted for 34% and sales tax accounted for 47% of total revenues.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP) for local governments, as prescribed by the Governmental Accounting Standards Board (GASB) and other recognized professional standards. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that assets are safeguarded and that the financial statements will be free from material misstatement.

The City's accounting records for general governmental operations are maintained on a modified accrual basis. Under this method of accounting, expenditures are recognized when the services or goods are received and the liability is incurred. Revenues are recognized when measurable and available. Accounting records for the proprietary funds are maintained on the accrual basis.

The annual budget serves as the foundation for the City's financial planning and control. All City departments are required to submit requests for appropriation to the city manager by April of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the Council for review by at least 60 days prior to October 1. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The city manager is authorized to transfer budgeted amounts between line items within any fund. Any revisions that alter the total expenditures of any fund require special approval of the Council.

RELEVANT FINANCIAL POLICIES

The Financial Policies enable the City to achieve a long-term stable and positive financial condition. Annual estimates of revenue in both the General Fund and Proprietary Funds are based on historical trends and reasonable expectation of growth. A conservative approach is observed in estimating revenues, so that revenue estimates will not be overstated. In order to protect from fluctuations in revenue sources due to fluctuations in the economy and variations in weather, a diversified revenue system is also maintained. In addition, it is also the City's policy that one-time, or non-recurring revenues, will not be used to finance current ongoing operations. Non-recurring revenues are used only for one-time expenditures such as capital needs. Every fiscal year, each possible program addition or service level change is analyzed in

terms of its potential financial impact as part of the budget package decision making process. This process enables the City to make assumptions about future debt and operational funds capacity. The City has also identified projects based on their critical nature and the timeliness of available financing for these projects. The City Council continued its strategic planning process to identify goals and objectives for long range planning. Directives from the City Council are utilized to help guide the budget planning and service and program implementation.

INDEPENDENT AUDIT

The Richland Hills City Charter requires an annual audit by an independent certified public accountant. George, Morgan & Sneed P.C., a firm of licensed certified public accountants, was selected by the City Council to audit the City's financial statements. The audit report will be available for public inspection and the original copy will be kept as a permanent record of the City.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in Financial Reporting to the City of Richland Hills for its annual comprehensive financial report for the fiscal year ended September 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The City of Richland Hills has received the Certificate of Achievement for the past fifteen years.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the cooperation of City employees throughout the organization. Sincere appreciation is also expressed to the Mayor and City Council for their continued interest and support in the conduct of the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Patricia Albrecht

Patricia Albrecht
Director of Finance and Administration Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richland Hills
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

CITY OF RICHLAND HILLS, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2021

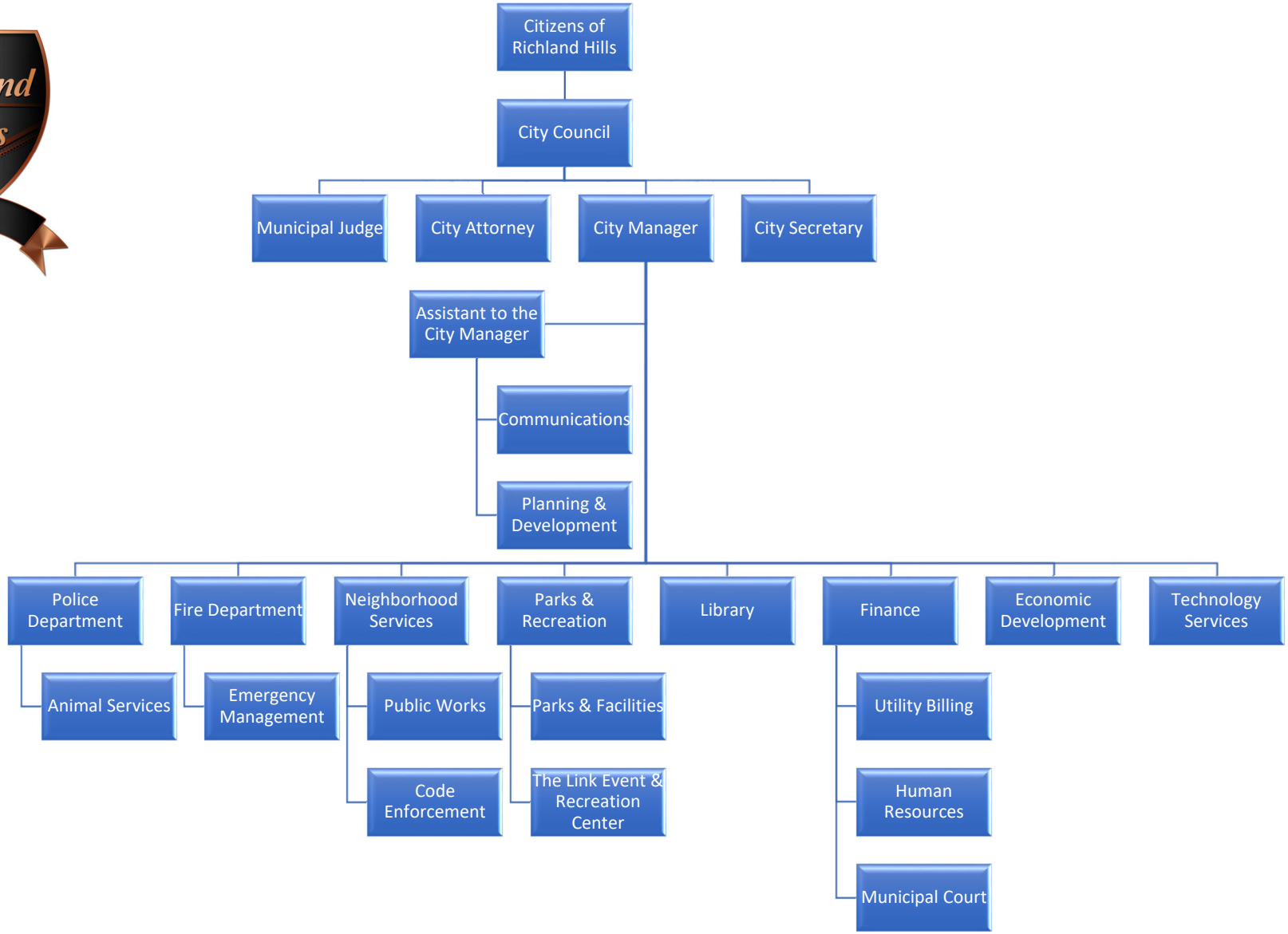
CITY COUNCIL

Edward Lopez, Mayor
Douglas Knowlton, Place 1
Stacey Morse, Place 2
Curtis Bergthold, Place 3
Javier Alvarez, Place 4
G.W. Estep, Place 5

CITY STAFF

Candice Edmondson, City Manager
Cathy Bourg, City Secretary
Patricia Albrecht, Finance Director
Kimberly Sylvester, Chief of Police
Russell Shelley, Fire Chief
Scott Mitchell, Director of Neighborhood Services
Jason Brown, Parks & Recreation Director

City of Richland Hills
Organizational Chart



FINANCIAL SECTION

GMS CERTIFIED PUBLIC ACCOUNTANTS
GEORGE | MORGAN | SNEED

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Richland Hills, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Richland Hills, Texas, (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

George, Morgan & Sneed, P.C.
1849 Wall Street | Weatherford, TX 76086 | *Phone* 817.594.2704 | *Fax* 817.599.7389
www.gms-cpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-15 and budgetary comparison information, schedule of changes in net pension liability, schedule of contributions, and schedule of changes in OPEB liability and related ratios on pages 53-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor funds financial statements, budgetary schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor funds financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, budgetary schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, on our consideration of the City Richland Hills, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

George, Morgan & Sneed, P.C.
Weatherford, Texas
March 16, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Richland Hills, Texas, we offer readers of The City of Richland Hills' financial statements this narrative overview and analysis of the financial activities of the City of Richland Hills for the year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Richland Hills exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $34,712,326 (*net position*) compared to $30,899,627 for the prior year. Of this amount, $6,746,783 (*unrestricted net position)* may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $3,812,699. The City's governmental activities net position increased by $3,019,204 and the business-type activities net position increased $793,495.

- As of the close of the current year, the City of Richland Hills's governmental funds reported combined ending fund balances of $10,495,939 compared to $14,499,893 for the prior year. $4,272,193 is available for spending at the City's discretion (unassigned fund balance).

- At the end of the current year, unassigned fund balance for the general fund was $4,303,759, or 62% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Richland Hills's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fees).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, parks and beautification, community development and economic development. The business-type activities of the City include water and sewer and drainage utility.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Crime Control District special revenue fund, 2019 general obligation bonds capital projects fund, and road and street capital projects fund which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary funds. The City maintains one type of proprietary fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and drainage utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and drainage utility fund.

The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on Exhibits E-1 and E-5 of this report.

The combining and individual nonmajor governmental funds statements and schedules are presented immediately following the required supplementary information. These statements can be found on Exhibits F-1 through G-10 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $34,712,326 as of September 30, 2021.

The largest portion of the City's net position (65%) reflects its investment in capital assets (e.g. land, improvements other than buildings, buildings, machinery and equipment, streets and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $6,746,783 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate governmental activities and business-type activities.

Below are summaries of the City's Statement of Net Position and Statement of Activities.

Condensed Statement of Net Position

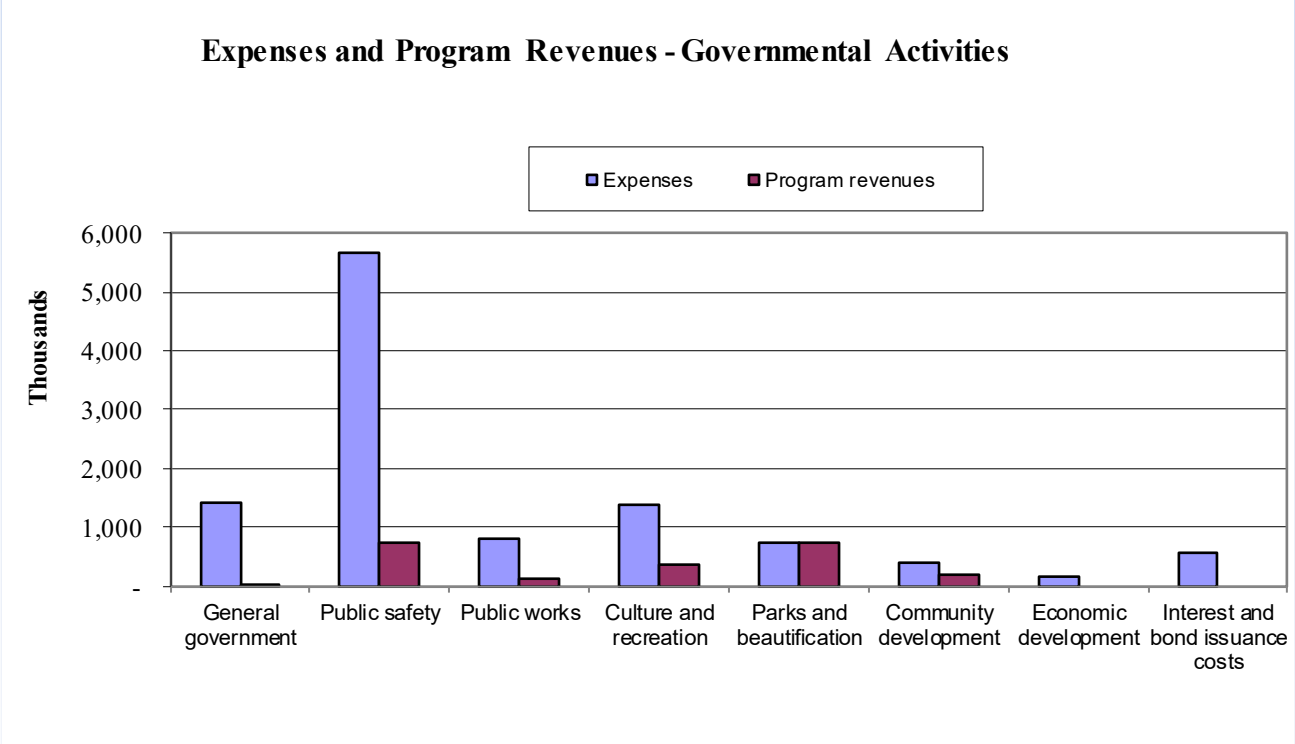
	Governmental Activities		Business-type Activities		Total	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Current and other assets	$ 12,982,950	$ 16,598,175	$ 5,572,835	$ 3,579,305	$ 18,555,785	$ 20,177,480
Capital assets	30,346,949	24,319,847	18,328,186	19,087,686	48,675,135	43,407,533
Total Assets	43,329,899	40,918,022	23,901,021	22,666,991	67,230,920	63,585,013
Deferred outflows of resources	566,036	620,882	118,319	113,436	684,355	734,318
Total deferred outflows	566,036	620,882	118,319	113,436	684,355	734,318
Current liabilities	1,515,450	1,100,293	1,540,857	351,437	3,056,307	1,451,730
Long-term liabilities	21,625,528	22,678,272	7,586,019	8,326,914	29,211,547	31,005,186
Total liabilities	23,140,978	23,778,565	9,126,876	8,678,351	32,267,854	32,456,916
Deferred inflows of resources	827,456	852,042	107,639	110,746	935,095	962,788
Total deferred inflows	827,456	852,042	107,639	110,746	935,095	962,788
Net Position:						
Net investment in capital assets	11,386,772	9,928,481	11,014,660	11,062,511	22,401,432	20,990,992
Restricted	5,564,111	4,304,087	-	-	5,564,111	4,304,087
Unrestricted	2,976,618	2,675,729	3,770,165	2,928,819	6,746,783	5,604,548
Total Net Position	$ 19,927,501	$ 16,908,297	$ 14,784,825	$ 13,991,330	$ 34,712,326	$ 30,899,627

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Revenues:						
Program revenues:						
Charges for services	$ 1,208,191	$ 1,509,317	$ 5,863,089	$ 5,167,724	$ 7,071,280	$ 6,677,041
Operating grants and contributions	131,684	368,625	-	-	131,684	368,625
Capital grants and contributions	854,411	118,210	-	-	854,411	118,210
General revenues:						
Property taxes	3,762,747	3,707,148	-	-	3,762,747	3,707,148
Sales taxes	7,370,537	6,906,449	-	-	7,370,537	6,906,449
Franchise taxes	516,814	547,312	-	-	516,814	547,312
Hotel Occupancy taxes	155,154	85,603	-	-	155,154	85,603
Investment earnings	2,763	73,895	707	12,708	3,470	86,603
Miscellaneous revenue	175,782	226,387	-	-	175,782	226,387
Total revenues	14,178,083	13,542,946	5,863,796	5,180,432	20,041,879	18,723,378
Expenses						
General government	1,433,218	1,305,958	-	-	1,433,218	1,305,958
Public safety	5,660,499	5,895,176	-	-	5,660,499	5,895,176
Public works	801,562	690,123	-	-	801,562	690,123
Culture and recreation	1,387,144	1,362,787	-	-	1,387,144	1,362,787
Parks and beautification	737,938	644,340	-	-	737,938	644,340
Community development	411,596	472,435	-	-	411,596	472,435
Economic development	165,116	268,713	-	-	165,116	268,713
Interest and fiscal agent charges	561,806	585,288	-	-	561,806	585,288
Water and sewer	-	-	4,394,454	3,563,124	4,394,454	3,563,124
Drainage Utility	-	-	675,847	584,961	675,847	584,961
Total expenses	11,158,879	11,224,820	5,070,301	4,148,085	16,229,180	15,372,905
Increase (decrease) in net position	3,019,204	2,318,126	793,495	1,032,347	3,812,699	3,350,473
Net Position October 1	16,908,297	14,590,171	13,991,330	12,958,983	30,899,627	27,549,154
Net Position September 30	$ 19,927,501	$ 16,908,297	$ 14,784,825	$ 13,991,330	$ 34,712,326	$ 30,899,627

Governmental Activities. Governmental activities increased the City's net position by $3,019,204 in the current year compared with a $2,318,126 increase in the prior year. Total governmental activities revenues increased $635,137 (5%) to $14,178,083. Property taxes increased $55,599 due to a $23.4 million increase in assessed property values. Property tax rates increased did not change. Sales tax increased $464,088 due to growth in local economy. Total governmental activities expenses decreased $65,941 from the prior year. Expenses decreased primarily for the following reasons: economic incentives in previous year, pension adjustment and the offices were closed for portion of previous year due to Covid-19.

Below are two graphs summarizing governmental activities revenue and expense:



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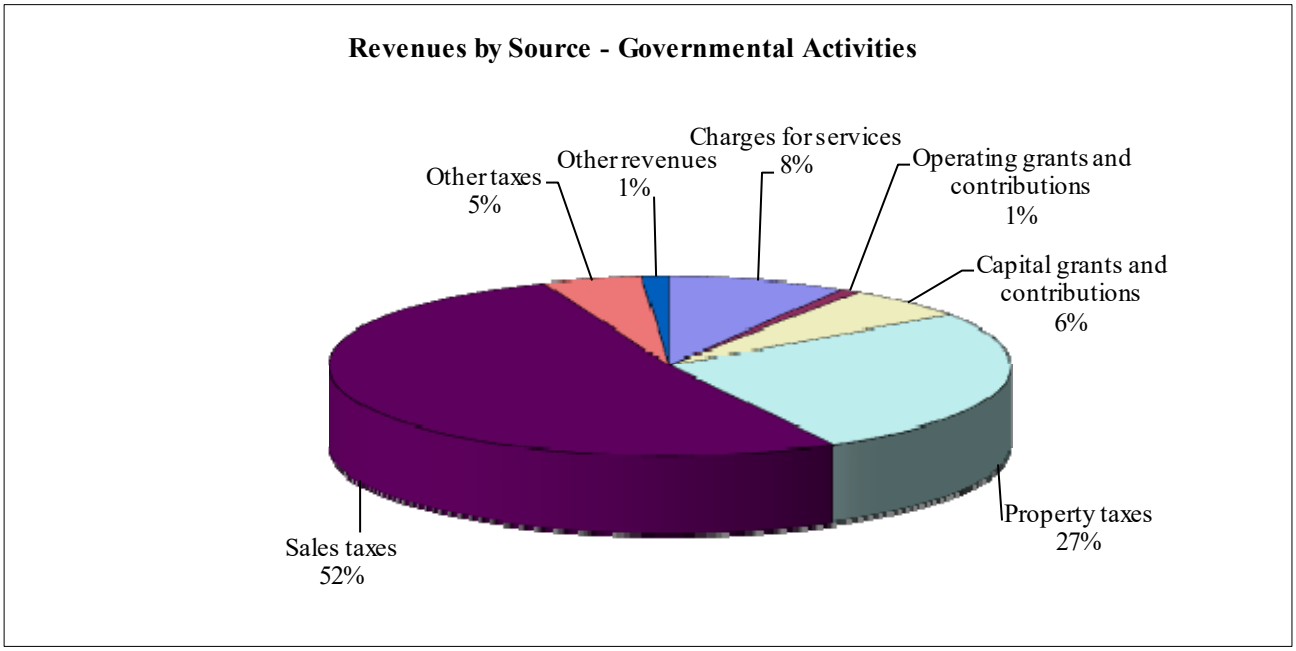
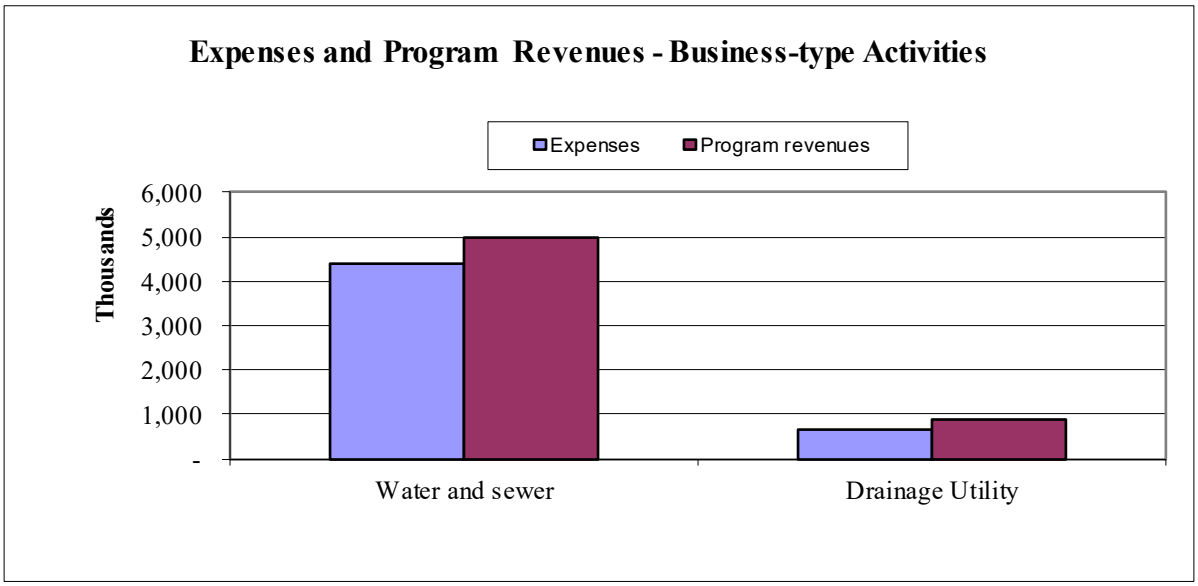

Revenues by Source - Governmental Activities
Other taxes 5%
Other revenues 1%
Charges for services 8%
Operating grants and contributions 1%
Capital grants and contributions 6%
Property taxes 27%
Sales taxes 52%

Business-type activities. Business-type activities increased the City's net position by $793,495 in the current year compared to an increase in net position of $1,032,347 in the prior year. The business-type activities total revenues increased $683,364 (12%) to $5,863,796. $468,354 of the increase is from reporting gross garbage billings in the current year but reporting net of payments to contractor in the

previous year. Total expenses increased $922,216 (18%) to $5,070,301. Repairs and maintenance costs increased $605,054 in part due to the winter storm in February 2021.

Below are two graphs summarizing business-type activities revenue and expense:



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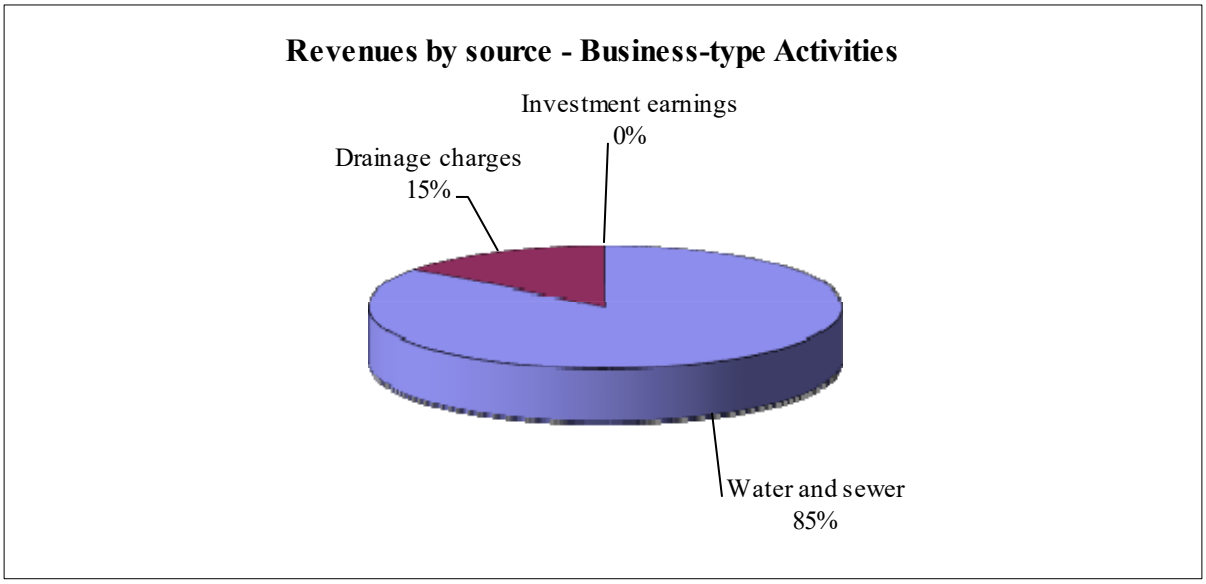


Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At year end, the City's governmental funds reported combined ending fund balances of $10,495,939. $4,272,193 (41%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted and assigned to indicate that it is not available for new spending because it has already been committed for projects and debt service.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,303,759. Fund balance of the general fund increased $390,454 compared to an increase of $1,096,882 in the prior year. Key factors in this increase are as follow:

- Revenues decreased $271,566 (3%). General fund sales taxes increased $250,168 due to growth in the local economy. Licenses and permits and charges for service decreased $362,659 because there was a large commercial building permit issued in the previous year. Court fines and fees decreased $122,583 because of a decrease in tickets issued and payments received.

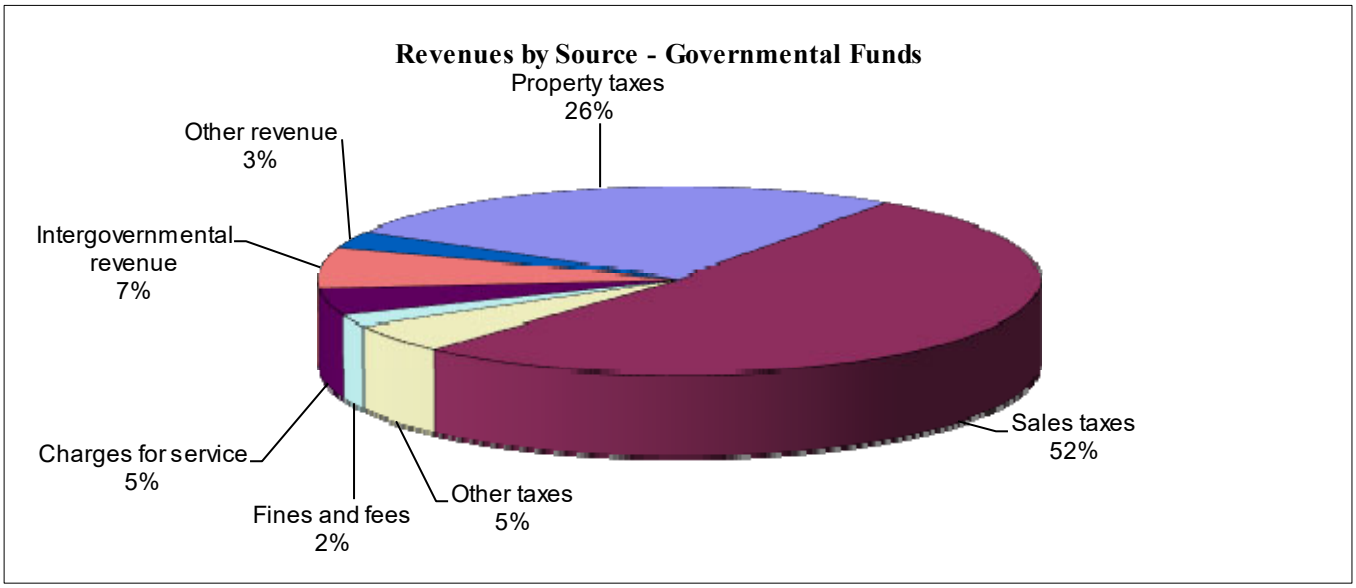
- Expenditures decreased $61,056 (1%). Capital outlay increased by $719,733 due to new capital leases for a fire truck and an Opticom system.

The Crime Control and Prevention District is funded with a .375% sales tax. Sales tax revenue of the Crime Control and Prevention District was $1,380,638 and funded police expenditures of $1,239,324 during the current year. Fund balance at year-end is $520,637.

The 2019 general obligation bonds capital projects fund accounts for bond proceeds issued for the purpose of constructing and equipping a new fire station. Fund balance at year-end is $591,157.

The road and street capital projects fund is funded with a .375% sales tax. Sales tax revenue of the road and street fund was $1,381,609 and funded capital projects of $753,043. Fund balance at year-end is $1,886,956.

Below are two graphs summarizing governmental fund revenue and expenditures.



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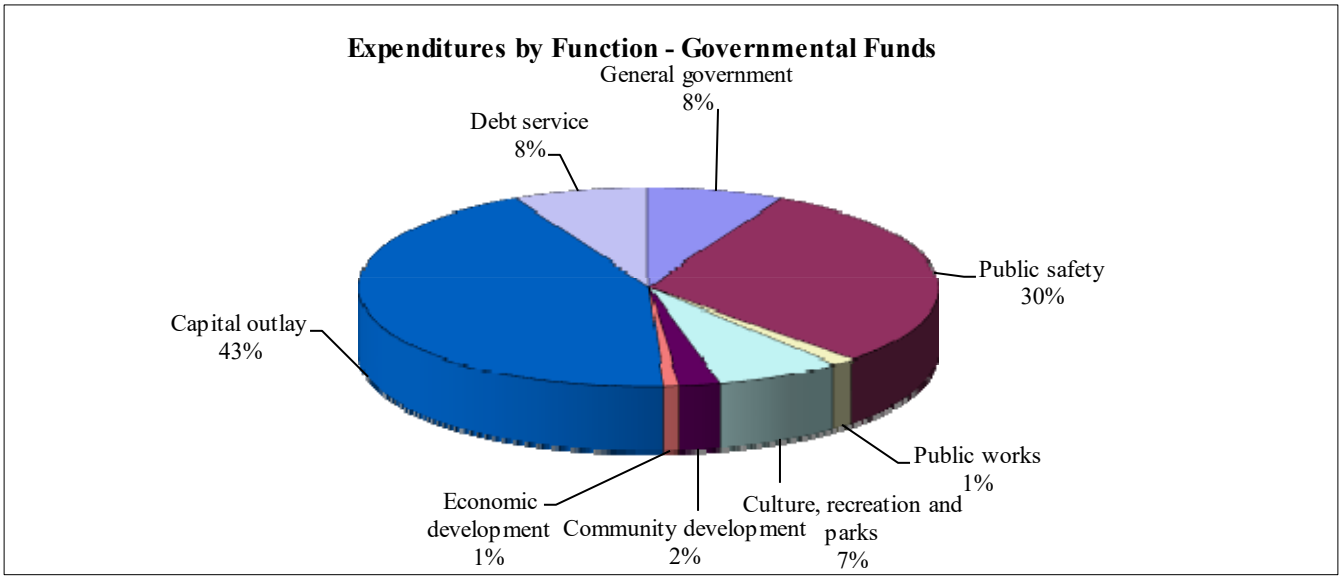

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund and Drainage Utility Fund at the end of the year were $3,092,757 and $677,408 respectively. The Water and Sewer Fund and Drainage Utility Fund net position increased $586,359 and $207,136 respectively. Factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City amended its budget during the year. Revenues were increased $1,339,783 to reflect an increase in sales tax and intergovernmental revenue. Expenditures were increased $128,496. During the year, actual revenues were $810,128 less than budgeted because the intergovernmental revenue was not received during the year. Actual expenditures were $82,775 less than budgeted with salaries accounting for most of the variance.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2021, amounts to $48,675,135, (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer systems, improvements other than buildings, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Fire station construction and engineering in progress $4,641,182
- Police department building renovation in progress 891,754
- 2021 Street improvements 652,475
- Creek Trail playground 100,000
- Hike & Bike Trail 1,070,480
- Mimine C1DH crack sealer 73,217

Business-type activities:

None

The City of Richland Hills's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Land	$ 830,414	$ 830,414	$ 256,267	$ 256,267	$ 1,086,681	$ 1,086,681
Construction in progress	7,648,710	1,679,343	-	-	7,648,710	1,679,343
Buildings	10,416,749	10,691,005	42,518	45,506	10,459,267	10,736,511
Improvements	3,273,541	2,281,276	6,232,507	6,433,007	9,506,048	8,714,283
Water and sewer systems	-	-	11,706,803	12,253,616	11,706,803	12,253,616
Machinery and equipment	2,122,452	2,276,196	90,091	99,290	2,212,543	2,375,486
Infrastructure	6,055,083	6,561,613	-	-	6,055,083	6,561,613
Total	$ 30,346,949	$ 24,319,847	$ 18,328,186	$ 19,087,686	$ 48,675,135	$ 43,407,533

Additional information on the City's capital assets can be found in note 1.D.6 and note 7 to the financial statements.

Long-Term Debt

At year-end the City had $25,730,961 in long-term debt outstanding. $16,035,000 are general obligation bonds backed by the full faith and credit of the City and $8,610,000 are certificates of obligation secured by a combination of tax and revenue. The City's outstanding tax supported debt is rated "AA" by Standard & Poor's Ratings Services.

City of Richland Hills's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Certificates of Obligation	$ 3,860,000	$ 4,050,000	$ 4,750,000	$ 6,850,000	$ 8,610,000	$ 10,900,000
General Obligation	13,751,750	14,077,250	2,283,250	862,750	16,035,000	14,940,000
Tax Notes	500,000	590,000	-	-	500,000	590,000
Capital Leases Payable	585,961	702,332	-	-	585,961	702,332
Total	$ 18,697,711	$ 19,419,582	$ 7,033,250	$ 7,712,750	$ 25,730,961	$ 27,132,332

During 2021 the City issued $1,730,000 General Obligation Refunding Bonds, Series 2020, to refund $1,660,000 Combination Tax & Waterworks & Sewer Revenue Certificates of Obligation, Series 2010 of the Drainage Utility Fund.

More detailed information about the City's debt is presented in note 8 to the Financial Statements.

Economic factors and the Next Year's Budgets and Rates

The City's tax year 2021 (fiscal year 2022) total taxable value, as provided by the Tarrant Appraisal District is $710,674,835, an increase of 9% over 2020 tax year (fiscal 2021) total taxable value of $651,935,836. The property tax rate in the fiscal year 2022 adopted budget is $0.558551, which is the same total tax rate as fiscal year 2021. The maintenance and operations rate remained the same as fiscal 2021 at $0.413294 and the debt rate is $0.145257. The estimated property tax revenue for fiscal year 2022 is $2,907,805 which represents an increase of 12.6% over the projected tax revenues for fiscal year 2021 due to an increase in assessed property values in the Tarrant County area.

In the General Fund, total operating revenues for fiscal year 2022 are $7,733,090. Sales tax revenue is projected at a total of $3.5 million and is an increase of 2.9% over the 2020 projections. Despite the economic climate due to COVID-19, the City's sales tax collections were robust mainly due to high sales in the industrial sector of the City. Other revenue sources such as building permit revenues are projected to decrease slightly during fiscal 2022 by 9.8% due to a scarcity of building supplies. Fines and fees are projected to come in at an increase of 22% over 2021 due to an increase in collections by Municipal Court. Total expenditures for the General Fund are budgeted at $7,300,538 and fall well below the projected total revenues of $7.7 million during fiscal 2022. There are transfers budgeted in the amount of $423,311 that will be going out to fund capital lease payments for the fire engine and a new ambulance as well as interfund transfers to the Link and TIF fund.

Water and wastewater revenues for fiscal year 2022 are projected at $4,434,521 which is a 19.3% increase due to new commercial customer connections and prior year conservative estimates because of COVID-19 economic conditions. No water rate increases are in effect for fiscal year 2022. However, Council will be considering a pass-through charge to water customers as wholesale water rates continue to increase for fiscal year 2023 and to plan for much needed improvements to the City's aging infrastructure. Proposed expenses to the water and wastewater fund are $4,231,978 which are below the

expected income by $202,543.

The indicators for fiscal year 2022 show financial stability despite the economic challenges from the impact of COVID-19 and the current economic condition. The budgeted revenues take a conservative approach, and it is anticipated that the City's financial position will remain stable.

Request for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 3200 Diana Drive, Richland Hills, Texas 76118.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

CITY OF RICHLAND HILLS, TEXAS
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 7,776,784	$ 2,223,310	$ 10,000,094
Investments	2,271,780	1,407,967	3,679,747
Receivables (Net of allowances for uncollectibles)			
Property tax	77,658	-	77,658
Sales tax	1,269,296	-	1,269,296
Franchise taxes	276,978	-	276,978
Accounts	737,440	752,791	1,490,231
Intergovernmental	478,497	-	478,497
Other	44,764	-	44,764
Internal balances	1,730	(1,730)	-
Prepaids	48,023	101	48,124
Supplies inventory - at cost	-	66,781	66,781
Restricted assets:			
Cash and cash equivalents	-	138,286	138,286
Investments	-	985,329	985,329
Capital assets			
Non-depreciable assets	8,479,124	256,267	8,735,391
Depreciable assets, net	21,867,825	18,071,919	39,939,744
Total Assets	43,329,899	23,901,021	67,230,920
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	1,489	43,469	44,958
Deferred outflows related to pensions	497,978	63,671	561,649
Deferred outflows related to OPEB	66,569	11,179	77,748
Total deferred Outflows of Resources	566,036	118,319	684,355
LIABILITIES:			
Accounts payable	1,145,774	369,985	1,515,759
Accrued liabilities	250,625	22,796	273,421
Unearned Revenue	31,255	-	31,255
Current Liabilities Payable from Restricted Assets:			
Unearned grant revenue	-	985,321	985,321
Interest payable	87,796	24,469	112,265
Customer deposits	-	138,286	138,286
Noncurrent liabilities:			
Due Within One Year	848,187	797,824	1,646,011
Due in More Than One Year	20,777,341	6,788,195	27,565,536
Total Liabilities	23,140,978	9,126,876	32,267,854
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	808,656	104,770	913,426
Deferred inflows related to OPEB	18,800	2,869	21,669
Total deferred inflows of Resources	827,456	107,639	935,095
NET POSITION:			
Net investments in Capital Assets	11,386,772	11,014,660	22,401,432
Restricted for			
Public Safety	629,839	-	629,839
Culture and recreation	27,800	-	27,800
Parks and beautification	53,019	-	53,019
Economic development	1,040,073	-	1,040,073
Debt Service	454,564	-	454,564
Capital projects	3,358,816	-	3,358,816
Unrestricted Net Position	2,976,618	3,770,165	6,746,783
Total Net Position	$ 19,927,501	$ 14,784,825	$ 34,712,326

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	**$** 1,433,218	$ 2,292	$ -	$ -
Public safety	5,660,499	616,918	107,295	-
Public works	801,562	-	-	132,553
Culture and recreation	1,387,144	375,500	6,771	-
Parks and beautification	737,938	-	17,618	721,858
Community development	411,596	213,481	-	-
Economic development	165,116	-	-	-
Interest and fiscal agent charges	561,806	-	-	-
Total governmental activities	11,158,879	1,208,191	131,684	854,411
Business-type activities:				
Water and sewer	4,394,454	4,980,162	-	-
Drainage utility	675,847	882,927	-	-
Total business-type activities	5,070,301	5,863,089	-	-
Total primary government	$ 16,229,180	$ 7,071,280	$ 131,684	$ 854,411

General Revenues:
Taxes:
Property Taxes, levied for general purposes
Property Taxes, levied for debt service
Proptery Taxes, levied for TIF Zone
Sales Taxes
Franchise Taxes
Hotel Occupancy Taxes
Investment Earnings
Gain on Sale of Assets
Miscellaneous Revenues
Total General Revenues and Transfers

CHANGE IN NET POSITION

NET POSITION, OCTOBER 1, 2020

NET POSITION, SEPTEMBER 30, 2021

The notes to the financial statements are an integral part of this statement.

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (1,430,926)	$ -	$ (1,430,926)
(4,936,286)	-	(4,936,286)
(669,009)	-	(669,009)
(1,004,873)	-	(1,004,873)
1,538	-	1,538
(198,115)	-	(198,115)
(165,116)	-	(165,116)
(561,806)	-	(561,806)
(8,964,593)	-	(8,964,593)
-	585,708	585,708
-	207,080	207,080
-	792,788	792,788
$ (8,964,593)	$ 792,788	$ (8,171,805)
$ 2,629,843	$ -	$ 2,629,843
965,760	-	965,760
167,144	-	167,144
7,370,537	-	7,370,537
516,814	-	516,814
155,154	-	155,154
2,763	707	3,470
5,371	-	5,371
170,411	-	170,411
11,983,797	707	11,984,504
3,019,204	793,495	3,812,699
16,908,297	13,991,330	30,899,627
$ 19,927,501	$ 14,784,825	$ 34,712,326

CITY OF RICHLAND HILLS, TEXAS
Balance Sheet
Governmental Funds
September 30, 2021

	General	Crime Control District	2019 GO Bonds Capital Projects	Road & Street Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 4,096,845	$ 326,848	$ 359,308	$ 1,738,167	$ 1,255,616	$ 7,776,784
Investments	169,268	-	705,314	-	1,397,198	2,271,780
Receivables (Net of allowances for uncollectibles)						
Property tax	64,574	-	-	-	13,084	77,658
Sales tax	635,184	237,122	-	238,194	158,796	1,269,296
Franchise taxes	276,978	-	-	-	-	276,978
Accounts	737,440	-	-	-	-	737,440
Intergovernmental	-	156	-	132,553	345,788	478,497
Other	-	-	-	-	44,764	44,764
Due from other funds	-	-	-	-	1,730	1,730
Prepaids	48,023	-	-	-	-	48,023
Total assets	$ 6,028,312	$ 564,126	$ 1,064,622	$ 2,108,914	$ 3,216,976	$ 12,982,950
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 335,835	$ 20,986	$ 473,465	$ 221,958	$ 93,530	$ 1,145,774
Accrued liabilities	213,073	22,503	-	-	15,049	250,625
Unearned Revenue	-	-	-	-	31,255	31,255
Total liabilities	548,908	43,489	473,465	221,958	139,834	1,427,654
Deferred inflow of resources:						
Deferred revenue	1,046,273	-	-	-	13,084	1,059,357
Total deferred revenue	1,046,273	-	-	-	13,084	1,059,357
Fund Balances:						
Nonspendable:						
Prepaid items	48,023	-	-	-	-	48,023
Restricted for:						
Public Safety	62,721	520,637			46,481	629,839
Culture and recreation	18,247	-	-	-	9,553	27,800
Parks and beautification	381	-	-	-	52,638	53,019
Economic development	-	-	-	-	1,040,073	1,040,073
Debt Service	-	-	-	-	441,480	441,480
Capital projects	-	-	591,157	1,886,956	1,471,860	3,949,973
Assigned for capital projects	-	-	-	-	33,539	33,539
Unassigned	4,303,759	-	-	-	(31,566)	4,272,193
Total fund balances	4,433,131	520,637	591,157	1,886,956	3,064,058	10,495,939
Total liabilities, deferred inflows and fund balances	$ 6,028,312	$ 564,126	$ 1,064,622	$ 2,108,914	$ 3,216,976	$ 12,982,950

The notes to the financial statements are an integral part of this statement.

EXHIBIT C-2

CITY OF RICHLAND HILLS, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2021

Total Fund Balances - Governmental Funds	$ 10,495,939
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of these assets was $58,158,743 and the accumulated depreciation was $27,811,794.	30,346,949
Long-term liabilities, including $18,965,373 bonds payable, tax notes and premiums, $585,961 capital leases payable, and $280,650 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.	(19,831,984)
Deferred charges on refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.	1,489
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.	(87,796)
Current receivables are not available soon enough to pay for the current period's expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	1,059,357
Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of $1,448,405, a deferred resource inflow related to pensions of $808,656, and a deferred resource outflow related to pensions in the amount of $497978. This amounts to a decrease in net position.	(1,759,083)
Included in the items related to noncurrent liabilities is the recognition of the City's OPEB liability required by GASB 75 in the amount of $345,139 and a deferred resource inflow related to OPEB in the amount of $18,800, and a deferred resource outflow related to OPEB in the amount of $66,569. This is a decrease in net position.	(297,370)
Net Position of Governmental Activities	$ 19,927,501

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2021

	General	Crime Control District	2019 GO Bonds Capital Projects	Road & Street Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 2,629,066	$ -	$ -	$ -	$ 1,131,818	$ 3,760,884
Sales	3,619,035	1,380,638	-	1,381,609	989,255	7,370,537
Franchise	533,360	-	-	-	-	533,360
Hotel occupancy tax	-	-	-	-	177,111	177,111
Fines and forfeitures	282,806	-	-	-	10,319	293,125
Licenses and permits	186,174	-	-	-	-	186,174
Charges for service	290,313	-	-	-	375,467	665,780
Intergovernmental revenue	3,453	1,742	-	132,553	817,712	955,460
Investment earnings	763	-	1,789	-	211	2,763
Other revenue	126,178	-	-	-	120,501	246,679
Total revenues	7,671,148	1,382,380	1,789	1,514,162	3,622,394	14,191,873
EXPENDITURES						
Current						
General government	1,395,739	-	-	-	-	1,395,739
Public safety	4,142,605	1,178,726	-	-	140,243	5,461,574
Public works	231,511	-	-	-	-	231,511
Culture and recreation	594,711	-	-	-	540,424	1,135,135
Parks and beautification	138,268	-	-	-	7,911	146,179
Community development	415,953	-	-	-	-	415,953
Economic development	-	-	-	-	165,116	165,116
Capital outlay	30,893	60,598	4,712,647	753,043	2,309,091	7,866,272
Debt service:						
Principal	-	-	-	-	721,871	721,871
Interest and fiscal agent charges	-	-	-	-	661,848	661,848
Total expenditures	6,949,680	1,239,324	4,712,647	753,043	4,546,504	18,201,198
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	721,468	143,056	(4,710,858)	761,119	(924,110)	(4,009,325)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	5,371	5,371
Transfers in	-	-	-	-	978,623	978,623
Transfers out	(331,014)	-	-	-	(647,609)	(978,623)
Total other financing sources (uses)	(331,014)	-	-	-	336,385	5,371
NET CHANGE IN FUND BALANCES	390,454	143,056	(4,710,858)	761,119	(587,725)	(4,003,954)
FUND BALANCE, OCTOBER 1, 2020	4,042,677	377,581	5,302,015	1,125,837	3,651,783	14,499,893
FUND BALANCE, SEPTEMBER 30, 2021	$ 4,433,131	$ 520,637	$ 591,157	$ 1,886,956	$ 3,064,058	$ 10,495,939

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Reconciliation of Statement of Revenues,
Expenditures and Changes is Fund Balances of
The Governmental Funds to the Statement of Activities
For the Fiscal Year Ended September 30, 2021

Total Net Change in Fund Balances - Governmental Funds	$ (4,003,954)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including $7,873,042 of capital outlays and $721,871 of debt principal payments is to increase net position.	8,594,913
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(1,845,940)
Interest payable and compensated absences are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The $4,998 decrease in interest payable and $69,850 increase in compensated absences payable, and the $95,044 amortization of deferred charges, premiums and discounts increase net position.	30,192
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(31,426)
GASB requires the City to recognize its net pension liability and deferred resource outflow and inflows related to pensions. The changes in these balances increased net position.	303,430
GASB requires the City to recognize its OPEB liability and deferred resource outflow and inflows related to OPEBs. The changes in these balances decreased net position.	(28,011)
Change in Net Position of Governmental Activities	$ 3,019,204

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2021

	Water and Sewer Fund	Drainage Utility Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 1,650,531	$ 572,779	$ 2,223,310
Investments	1,294,778	113,189	1,407,967
Receivables (Net of allowance for uncollectibles):			
Accounts	728,080	24,711	752,791
Prepaids	101	-	101
Supplies inventory	66,781	-	66,781
Restricted Assets:			
Cash and cash equivalents	138,286	-	138,286
Investments	985,329	-	985,329
Total current assets	4,863,886	710,679	5,574,565
Noncurrent Assets:			
Capital assets			
Non-depreciable assets	207,267	49,000	256,267
Depreciable assets, net	11,841,583	6,230,336	18,071,919
Total noncurrent assets	12,048,850	6,279,336	18,328,186
Total assets	$ 16,912,736	$ 6,990,015	$ 23,902,751
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	16,612	26,857	43,469
Deferred outflows related to pensions	52,870	10,801	63,671
Deferred outflows related to OPEB	9,982	1,197	11,179
Total deferred outflows of resources	79,464	38,855	118,319
LIABILITIES:			
Current Liabilities:			
Accounts payable	$ 363,770	$ 6,215	$ 369,985
Accrued liabilities	18,655	4,141	22,796
Due to other funds	-	1,730	1,730
Current Liabilities Payable from Restricted Assets:			
Current portion of noncurrent liabilities	426,424	371,400	797,824
Unearned grant revenue	985,321	-	985,321
Interest payable	11,030	13,439	24,469
Customer deposits payable	138,286	-	138,286
Total current liabilities	1,943,486	396,925	2,340,411
Noncurrent Liabilities:			
Compensated absences payable	24,214	483	24,697
Net pension liability	162,924	26,028	188,952
OPEB liability	47,419	5,251	52,670
Bonds payable	2,542,813	3,979,063	6,521,876
Total noncurrent liabilities	2,777,370	4,010,825	6,788,195
Total liabilities	4,720,856	4,407,750	9,128,606
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows related to pensions	90,338	14,432	104,770
Deferred Inflows related to OPEB	2,583	286	2,869
Total deferred outflows of resources	92,921	14,718	107,639
NET POSITION:			
Net Investment in capital assets	9,085,666	1,928,994	11,014,660
Unrestricted	3,092,757	677,408	3,770,165
Total net assets	$ 12,178,423	$ 2,606,402	$ 14,784,825

The notes to the financial statements are an integral part of this statement.

EXHIBIT D-2

CITY OF RICHLAND HILLS, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Water and Sewer Fund	Drainage Utility Fund	Totals
OPERATING REVENUES			
Charges for sales and services:			
Water sales	$ 2,475,104	$ -	$ 2,475,104
Sewer charges	1,853,498	-	1,853,498
Infrastructure improvement fees	-	882,927	882,927
Garbage charges	472,497		472,497
Late payment fee	71,848	-	71,848
Miscellaneous fees and charges	107,215	-	107,215
Total operating revenue	4,980,162	882,927	5,863,089
OPERATING EXPENSES			
Personnel	636,351	116,047	752,398
Contractual services	67,545	22,558	90,103
Maintenance and repairs	956,241	186,143	1,142,384
Water purchase	506,267	-	506,267
Sewage treatment	668,297	-	668,297
Garbage service	464,345	-	464,345
Other supplies and expenses	430,691	6,481	437,172
Depreciation	573,959	207,388	781,347
Total operating expenses	4,303,696	538,617	4,842,313
Operating income (loss)	676,466	344,310	1,020,776
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	651	56	707
Interest expense and fiscal agent charges	(90,758)	(94,087)	(184,845)
Bond issuance costs	-	(43,143)	(43,143)
Total nonoperating revenues (expenses)	(90,107)	(137,174)	(227,281)
CHANGE IN NET POSITION	586,359	207,136	793,495
NET POSITION, OCTOBER 1, 2020	11,592,064	2,399,266	13,991,330
NET POSITION, SEPTEMBER 30, 2021	$ 12,178,423	$ 2,606,402	$ 14,784,825

The notes to the financial statements are an integral part of this statement.

CITY OF RICHLAND HILLS, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Water and Sewer Fund	Drainage Utility Fund	Totals
Cash flows from operating activities:			
Cash received from customers	$ 4,999,600	$ 858,216	$ 5,857,816
Cash paid to suppliers	(2,900,675)	(223,025)	(3,123,700)
Cash paid to employees	(653,153)	(121,710)	(774,863)
Net cash provided by operating activities	1,445,772	513,481	1,959,253
Cash flow from noncapital financing activities:			
Increase (decrease) in due to other funds	-	1,730	1,730
Net cash provided (used) by noncapital financing activities	-	1,730	1,730
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(389,500)	(360,000)	(749,500)
Capital outlay	(13,688)	(8,159)	(21,847)
Capital grant	985,321	-	985,321
Interest and fiscal agent charges	(101,767)	(111,870)	(213,637)
Net cash (used) by capital and related financing activities	480,366	(480,029)	337
Cash flow from investing activities:			
Interest received	651	56	707
Sale of investments	-	-	-
Purchase of investments	(1,555,228)	(56)	(1,555,284)
Net cash provided by investing activities	(1,554,577)	-	(1,554,577)
Net increase (decrease) in cash and cash equivalents	371,561	35,182	406,743
Cash and cash equivalents, October 1, 2020	1,417,256	537,597	1,954,853
Cash and cash equivalents, September 30, 2021	$ 1,788,817	$ 572,779	$ 2,361,596
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 676,466	$ 344,310	$ 1,020,776
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	573,959	207,388	781,347
(Increase) decrease in accounts receivable	7,066	(24,711)	(17,645)
(Increase) decrease in prepaids	(100)	-	(100)
(Increase) decrease in supplies inventory	(15,488)	-	(15,488)
Increase (decrease) in accounts payable	208,299	(7,843)	200,456
Increase (decrease) in accrued liabilities	(1,301)	570	(731)
Increase (decrease) in compensated absences	8,049	(265)	7,784
Increase (decrease) in net pension balances	(26,562)	(6,210)	(32,772)
Increase (decrease) in OPEB Balances	3,012	242	3,254
Increase (decrease) in customer meter deposits	12,372	-	12,372
Total adjustments	769,306	169,171	938,477
Net cash provided by operating activities	$ 1,445,772	$ 513,481	$ 1,959,253
Noncash investing, capital and financing activities			
Increase in long-term liabilites from issuing refunding bonds	$ -	$ 70,000	$ 70,000
	-	-	-
Total noncash investing, capital and financing activities	$ -	$ 70,000	$ 70,000

The notes to the financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Richland Hills is a municipal corporation governed by an elected mayor and five-member council. The financial statements of the City of Richland Hills, Texas ("City") include all governmental activities, organizations, and functions for which the City exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the City's financial statements included: the City's accountability for the entity's fiscal matters; the scope of public service of the entity; and the nature of any special financing relationships which may exist between the City and a given governmental entity. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City has two blended component units. Separate financial information for each can be obtained from the City.

Blended Component Units.

The Richland Hills Development Corporation (a nonprofit development corporation formed under the Development corporation act of 1979, Texas Rev Civil Statute) was incorporated June 28, 1996. The corporation serves all citizens of the City and is governed by a board of seven directors appointed by the City Council. Four of the directors are council member directors and three are citizen member directors. The purpose of the Corporation is to promote infrastructure improvements, parks and park facilities and economic development within the City and the State of Texas in order to eliminate unemployment and underemployment and to promote and encourage employment and the public welfare of, for and on behalf of the City by developing, implementing, providing, and financing projects. Operation of the Corporation is funded by .125 percent sales tax approved by the voters. The sales tax was increased to .25 percent effective April 2019. The corporation is reported as a Special Revenue Fund.

November 8, 2005, citizens of the City of Richland Hills voted to create the Richland Hills Crime Control and Prevention District (the "District") dedicated to crime reduction programs. The City Council serves as the board of directors for the District. Operation of the District is funded by .325 percent sales tax approved by the voters. The District is reported as a Special Revenue Fund.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property, sales, and franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City reports the following major governmental fund:

The ***General Fund*** is the government's primary operating fund. It accounts for all resources used to finance basic operations of the City and covers all activities for which a separate fund has not been established.

The ***Crime Control District*** special revenue fund is a blended component unit that accounts for the proceeds of a .325 percent sales tax and crime reduction programs.

The ***2019 General Obligation Bonds*** capital projects fund is used to account for bond proceeds issued for the purpose of constructing and equipping a new fire station.

The **Road and Street** capital projects fund is used to account for sales tax restricted to road and street improvements.

The City reports the following major proprietary funds:

The ***Water and Sewer Fund*** is used to account for the operation of the water and sewage systems for the City.

The ***Drainage Utility Fund*** is used to account for the construction and maintenance of the drainage system for the City.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities.

Amounts reported as program revenues include 1) charges for customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and drainage utility fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity

1. *Cash, Cash Equivalents and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased. Assets reported as cash and cash equivalents are considered cash and cash equivalents for the statement of cash flows.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Tax

Ad valorem property taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year ending are recorded as deferred revenue and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31. Tax liens are automatic on January 1 each year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. *Inventory*

The inventory of supplies held by the Enterprise Funds is valued at cost using the first-in-first-out ("FIFO") method.

5. *Prepaids*

Payments made to vendors for services that will benefit periods beyond September 30 are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid expenses in the governmental funds are accounted for using the purchases method.

6. *Capital Assets*

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government and proprietary funds are depreciated using the straight-line method over the following estimated useful lives.

Building and improvements	20 - 40 years
Office equipment	5 - 20 years
Autos and trucks	4 - 5 years
Equipment	3 - 20 years
Waterworks and sewer system	5 - 40 years
Infrastructure	20 – 40 years

The City has reported infrastructure capital assets acquired prior to the implementation of GASB Statement No. 34 at estimated historical cost.

7. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Sick pay benefits are not paid upon separation therefore no liability is reported for unpaid accumulated sick leave. Vacation and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported by the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. *Fund Balance – Governmental Funds*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classifications includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted: This classification includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed: This classification includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance).

Assigned: This classification includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has delegated the authority to assign fund balance to the City Manager by resolution.

Unassigned – All amounts not included in other classifications. The general fund is the only fund that will report a positive unassigned fund balance. However, in governmental funds other than the general fund, if

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Link Operations and 2019 Tax Notes Funds reported deficit fund balance of $25,469 and $6,097 respectively. The City will transfer funds from the General Fund to cover these defits.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

11. ***Net Position***

Net position represents the difference between assets and liabilities. Net position net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The following is a reconciliation of restricted fund balance reported in the governmental fund financial statements to restricted net position of the governmental activities reported in the government-wide financial statements.

Restricted fund balance (Exhibit C-1)	$ 6,142,184
Adjustments	
Deferred property tax revenue restricted for debt service	13,084
Restricted for capital projects	(591,157)
Total adjustments	(578,073)
Restricted net position (Exhibit A-1)	$ 5,564,111

12. ***Use of Estimates***

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Substantially all operating cash and investments are maintained in consolidated cash and investment accounts. Investment income relating to consolidated investments is allocated to the individual funds monthly based on the funds' pro-rata share of total cash and investments.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation references for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Investment Pools

The City invests idle funds in the Texas Local Government Investment Pool (TexPool) and TexSTAR investment pool. These pools are local government investment pool organized under the authority of the Interlocal Cooperation Act Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. All investments of the Pools are stated at amortized cost, which in most cases approximates the fair value of the securities. The objective of the Pools is to maintain a stable $1.00 net asset value; however, the $1.00 net asset value is not guaranteed or insured by the State of Texas. There are no limitations or restrictions on participant withdrawals from these pools.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. As a requirement to maintain its rating, weekly portfolio information must be submitted to Standards and Poors, as well as the office of the Comptroller of Public Accounts for review.

TexSTAR has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. An advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR has been established and maintained.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance. At September 30, 2021, the City's deposits were covered by FDIC Insurance or collateralized with securities held by the bank's agent in the City's name.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Credit Risk– Investments

The City controls credit risk by limiting its investments to those instruments allowed by the State Public Funds Investment Act described above.

Interest Rate Risk – Investments

The City manages interest rate risk by structuring its portfolio so that it will experience minimal volatility during economic cycles. This is accomplished by purchasing high quality, short to medium term securities which will complement each other. The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity date of each security.

The City's investments at September 30, 2021, included the following:

Investment	Credit Rating	Maturities	Percentage of Total Investments	Cost	Fair Value
Tex-Pool	AAAm	37 days	62.40%	$ 2,805,167	$ 2,805,167
TexSTAR Pool	AAAm	43 days	37.60%	$ 1,690,642	$ 1,690,642
				$ 4,495,809	$ 4,495,809

Reconciliation to financial statements	
Investments from Exhibit A-1	$ 4,665,076
Less: Certificates of Deposit	(169,267)
	$ 4,495,809

NOTE 3: RESTRICTED ASSETS

Certain proceeds of the City's enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond ordinances and other legal restrictions. Enterprise Funds restricted assets are held for the following purposes in accordance with bond ordinances or other legal restrictions:

Cash and cash equivalents		
Customer Deposits	$	138,286
Investments		
Construction funds		985,329
Total restricted assets	$	1,123,615

NOTE 4: RECEIVABLES

All accounts and property tax receivables are shown net of an allowance for uncollectibles. Water and sewer accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectible accounts of $780,351. The property tax receivable allowance of $96,860 and $19,626 for the general fund and debt service fund respectively, and is equal to 60% of outstanding delinquent property taxes at September 30. The fines and fees receivable in the general fund is reported net of an allowance of $1,802,409 which is 75% of the adjusted receivable. The EMS charges receivable in the general fund is reported net of an allowance of $316,867 which is accounts outstanding in excess of 60 days. These allowances are based upon historical experience. Receivables as of year-end for the City's major and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Crime Control District	Enterprise Funds	Other Governmental Funds	Total
Receivables:					
Property tax	$ 161,434	$ -	$ -	$ 32,710	$ 194,144
Sales tax	635,184	237,122	-	396,990	1,269,296
Franchise taxes	276,978	-	-	-	276,978
Accounts	2,856,715	-	1,347,608	-	4,204,324
Earned and Unbilled Services	-	-	224,462	-	224,462
Intergovernmental	-	156	-	478,341	478,497
Other	-	-	-	44,764	44,764
Gross Receivables	3,930,311	237,278	1,572,070	952,805	6,692,464
Less: Allowance for Uncollectibles	(2,216,136)	-	(819,279)	(19,626)	(3,055,041)
Net Total Receivables	$ 1,714,176	$ 237,278	$ 752,791	$ 933,179	$ 3,637,423

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and this, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify in this category, deferred loss on refunding, deferred outflows related to pensions and deferred outflows related to OPEB reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as in inflow of resource (revenue) until that time. The city has three types of items in this category, unavailable revenues for governmental funds and deferred inflows related to pensions and deferred inflows related to OPEB in the government-wide statement of net position and proprietary funds statements.

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	General	Nonmajor	Total Governmental Funds
Deferred property taxes receivable	$ 64,574	13,084	$ 77,658
Deferred franchise tax receivable	249,413	-	249,413
Deferred fines and fees receivable	600,803	-	600,803
Deferred EMS charges receivable	124,805	-	124,805
Deferred miscellaneous receivable	6,678	-	6,678
Total deferred inflows of resources for governmental funds	$ 1,046,273	$ 13,084	$ 1,059,357

NOTE 6: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund balances for the City's individual major funds and nonmajor funds at September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Other Governmental Funds	Drainage Utility	$ 1,730	Debt Service
Total Governmental Funds		$ 1,730	

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2021, is as follows:

Transfer In	Transfer Out	Amount	Purpose
Other Governmental Funds	General Fund	$ 188,744	Capital Projects
Other Governmental Funds	Other Governmental Funds	$ 789,879	Capital Projects
Total Governmental Funds Transfers In		$ 978,623	

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Non - Depreciable Assets:				
Land	$ 830,414	$ -	$ -	$ 830,414
Construction in Progress	1,679,343	6,276,623	(307,256)	7,648,710
Total non-depreciable assets	2,509,757	6,276,623	(307,256)	8,479,124
Depreciable Assets:				
Buildings	13,115,568	18,750	-	13,134,318
Improvements other than buildings	4,605,822	1,477,737	-	6,083,559
Machinery and equipment	5,797,302	407,188	(14,959)	6,189,531
Infrastructure	24,272,211	-	-	24,272,211
Total capital assets being depreciated	47,790,903	1,903,675	(14,959)	49,679,619
Accumulated Depreciation:				
Buildings	(2,424,563)	(293,006)	-	(2,717,569)
Improvements other than buildings	(2,324,546)	(485,472)	-	(2,810,018)
Machinery and equipment	(3,521,106)	(560,932)	14,959	(4,067,079)
Infrastructure	(17,710,598)	(506,530)	-	(18,217,128)
Total accumulated depreciation	(25,980,813)	(1,845,940)	14,959	(27,811,794)
Governmental activities capital assets, net	$ 24,319,847	$ 6,334,358	$ (307,256)	$ 30,346,949

NOTE 7: CAPITAL ASSETS - (Continued)

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Non - Depreciable Assets:				
Land	$ 256,267	$ -	$ -	$ 256,267
Total non-depreciable assets	256,267	-	-	256,267
Depreciable Assets:				
Buildings	221,137	-	-	221,137
Improvements other than buildings	7,825,701	-	-	7,825,701
Water and sewer systems	22,220,669	-	-	22,220,669
Machinery and equipment	1,031,388	21,847	-	1,053,235
Total capital assets being depreciated	31,298,895	21,847	-	31,320,742
Accumulated Depreciation:				
Buildings	(175,631)	(2,988)	-	(178,619)
Improvements other than buildings	(1,392,694)	(200,500)	-	(1,593,194)
Water and sewer systems	(9,967,053)	(546,813)	-	(10,513,866)
Machinery and equipment	(932,098)	(31,046)	-	(963,144)
Total accumulated depreciation	(12,467,476)	(781,347)	-	(13,248,823)
Business-type activities capital assets, net	$ 19,087,686	$ (759,500)	$ -	$ 18,328,186

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 33,063
Public safety	446,055
Public works	536,528
Culture and recreation	270,990
Parks and beautification	553,589
Community development	5,715
Total depreciation expense - governmental activities	$ 1,845,940
Business-type activities:	
Water and sewer	$ 573,959
Drainage Utility	207,388
Total depreciation expense - business-type activities	$ 781,347

NOTE 8: LONG-TERM LIABILITIES

A. Bonds Payable

Governmental Activities

The City has issued certificates of obligation, general obligation bonds and tax notes for the construction of large capital projects. The General Obligation Bonds Series 2017 are split between the governmental activities and business-type activities 15 and 85 percent. Bonds outstanding are as follows:

	Interest Rate	Maturity	Original Issue	Amount Outstanding
Governmental activities:				
Certificates of obligation				
2016 Tax and Revenue	2.00 - 3.13%	8/15/2036	$ 4,705,000	$ 3,860,000
Total certificates of obligation			4,705,000	3,860,000
General obligation bonds				
2016 General Obligation	2.00% - 3.38%	8/15/2046	8,770,000	8,245,000
2019 General Obligation	2.25% - 4.00%	8/15/2039	5,660,000	5,380,000
Direct placement				
2017 General Obligation Refunding	1.84%	8/15/2027	228,750	126,750
Total general obligation bonds			14,658,750	13,751,750
Tax Notes				
2019 Tax Notes	3.00% - 4.00%	8/15/2026	680,000	500,000
Total contractual obligation bonds			680,000	500,000
Total governmental activities			$ 20,043,750	$ 18,111,750

The annual debt service requirements to maturity for the governmental activities bonds outstanding as of September 30, 2021, are as follows:

	Governmental Activities					
	Certificates of Obligation			Tax Notes		
	Principal	Interest	Total	Principal	Interest	Total
2022	$ 195,000	136,475	331,475	95,000	17,100	112,100
2023	205,000	128,675	333,675	95,000	14,250	109,250
2024	210,000	124,575	334,575	100,000	11,400	111,400
2025	210,000	119,850	329,850	100,000	8,400	108,400
2026	225,000	109,350	334,350	110,000	4,400	114,400
2027-2031	1,285,000	391,500	1,676,500	-	-	-
2032-2036	1,530,000	144,006	1,674,006	-	-	-
Total	$ 3,860,000	$ 1,154,431	$ 5,014,431	$ 500,000	$ 55,550	$ 555,550

NOTE 8: LONG-TERM LIABILITIES (Continued)

	Governmental Activities						
	General Obligation Bonds			General Obligation Bonds - Direct Placement			
	Principal	Interest	Total	Principal	Interest	Total	Total
2022	315,000	453,932	768,932	25,500	2,332	27,832	796,764
2023	370,000	441,331	811,331	19,500	1,863	21,363	832,694
2024	385,000	426,532	811,532	19,500	1,504	21,004	832,536
2025	405,000	408,881	813,881	20,250	1,145	21,395	835,276
2026	420,000	390,332	813,881	21,000	773	21,395	835,276
2027-2031	2,930,000	1,641,457	4,571,457	21,000	386	21,386	4,592,843
2032-2036	3,455,000	1,102,187	4,557,187	-	-	-	4,557,187
2037-2041	3,095,000	628,863	3,723,863	-	-	-	3,723,863
2042-2046	2,250,000	232,875	2,482,875	-	-	-	2,482,875
Total	$ 13,625,000	$ 5,726,390	$ 19,354,940	$ 126,750	$ 8,003	$ 134,375	$ 19,489,315

Business-type Activities

The City's enterprise funds also issue certificates of obligation for the construction of large capital projects. Bonds outstanding are as follows:

	Interest Rate	Maturity	Original Issue	Amount Outstanding
Business-type activities				
Certificates of obligation				
2011 Tax and Revenue Refunding	2.00% - 2.50%	8/15/2022	3,110,000	120,000
2013 Tax and Revenue	3.00% - 4.50%	8/15/2033	5,370,000	3,960,000
Direct placement				
2015 Tax and Revenue	2.56%	8/15/2030	1,030,000	670,000
Total certificates of obligation			9,510,000	4,750,000
General obligation bonds				
Direct placement				
2017 General Obligation Refunding	1.84%	8/15/2027	1,296,250	718,250
2020 General Obligation Refunding	1.21%	8/15/1930	1,730,000	1,565,000
Total general obligation bonds			3,026,250	2,283,250
Total business-type activities			$ 12,536,250	$ 7,033,250

NOTE 8: LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity for the business-type activities bonds outstanding as of September 30, 2021, are as follows:

	Business-type Activities						
	Certificates of Obligation			Certificates of Obligation - Direct Placement			
	Principal	Interest	Total	Principal	Interest	Total	Total
2022	$ 390,000	146,450	536,450	65,000	17,152	82,152	618,602
2023	290,000	130,700	420,700	70,000	15,488	85,488	506,188
2024	290,000	122,000	412,000	70,000	13,696	83,696	495,696
2025	300,000	113,300	413,300	75,000	11,904	86,904	500,204
2026	310,000	104,300	414,300	75,000	9,984	84,984	499,284
2027-2031	1,720,000	356,550	2,076,550	315,000	20,352	335,352	2,411,902
2032-2036	780,000	47,200	827,200	-		-	827,200
Total	$ 4,080,000	$ 1,020,500	$ 5,100,500	$ 670,000	$ 88,576	$ 758,576	$ 5,859,076

	Business-type Activities		
	General Obligation Bonds - Direct Placement		
	Principal	Interest	Total
2022	$ 304,500	32,153	336,653
2023	280,500	27,557	308,057
2024	280,500	23,468	303,968
2025	284,750	19,377	304,127
2026	294,000	15,209	309,209
2027-2031	839,000	24,151	863,151
Total	$ 2,283,250	$ 141,915	$ 2,425,165

Direct Placement Bonds

Direct placement bonds are bonds that are issued directly to an investor. The direct placement bonds include provisions that in the event the City defaults on the payments or performance of covenants, the holders of the bonds may proceed against the City for the purpose of protecting and enforcing the rights of the bondholders by mandamus or other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant.

Refunding Bonds

On December 16, 2020, the City issued $1,730,000 General Obligation Refunding Bonds, Series 2020. The net proceeds were used to refund the $1,660,000 Combination Tax & Waterworks & Sewer Revenue Certificates of Obligation, Series 2010. The refunding decreased debt service payments for the City by $203,995 with a net present value savings (economic gain) of $187,703.

B. Capital Leases Payable

Governmental Activities

On February 11, 2019, the City entered into a $607,000 lease-purchase agreement for a fire truck. The lease is due in 10 annual payments of $73,539 beginning February 28, 2020. The interest rate is 3.65%

On June 26, 2019, the City entered into a $112,733 lease-purchase agreement for an Opticom system. The lease is due in 7 annual payments of $18,772 beginning June 26, 2020. The interest rate is 3.985%.

NOTE 8: LONG-TERM LIABILITIES (Continued)

The future minimum lease purchase commitments are as follows:

	Governmental Activities
2022	$ 92,311
2023	92,311
2024	92,311
2025	92,311
2026	92,311
2027-2030	220,618
Total debt service requirements	682,173
Less: Interest Portion	96,212
Debt Principal	$ 585,961

Assets under lease and the related accumulated depreciation are as follows:

	Governmental Activities
Machinery and equipment	$ 719,733
Less: Accumulated Depreciation	(143,947)
Net	$ 575,786

NOTE 8: LONG-TERM LIABILITIES (Continued)

C. Changes in long-term liabilities

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2021.

	09/30/2020	Additions	Retirements	09/30/2021	Due Within One Year
Governmental Activities.:					
Certificates of obligation	$ 4,050,000	$ -	$ 190,000	$ 3,860,000	$ 195,000
General obligation bonds	13,925,000	-	300,000	13,625,000	315,000
Direct placement					
General obligation bonds	152,250	-	25,500	126,750	25,500
Contractual obligation bonds	-	-	-	-	-
Tax notes	590,000	-	90,000	500,000	95,000
Premiums on bonds	950,156	-	96,533	853,623	90,913
Capital leases	702,332	-	116,371	585,961	70,644
Compensated Absences	210,800	280,650	210,800	280,650	56,130
Net Pension Liability	1,799,688	-	351,283	1,448,405	-
OPEB Liability	298,046	47,093	-	345,139	-
Total Governmental Activities	22,678,272	327,743	1,380,487	21,625,528	848,187
Business-type Activities:					
Certificates of obligation	6,115,000	-	2,035,000	4,080,000	390,000
Direct placement					
Certificates of obligation	735,000	-	65,000	670,000	65,000
General obligation bonds	862,750	1,730,000	309,500	2,283,250	304,500
Premiums on bonds	312,423	-	32,147	280,276	32,150
Compensated Absences	23,088	30,871	23,088	30,871	6,174
Net Pension Liability	233,168		44,216	188,952	-
OPEB Liabilty	45,484	7,186		52,670	-
Total Business-type Activities	8,326,913	1,768,057	2,508,951	7,586,019	797,824
Total Long-Term Debt	$31,005,185	$ 2,095,800	$ 3,889,438	$29,211,547	$ 1,646,011

Compensated absences, net pension liabilities and OPEB liabilities of the governmental activities and business-type activities are paid by the general fund, water and sewer fund, and drainage utility fund, respectively.

NOTE 9: RISK MANAGEMENT

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City's general liability, and property insurance is underwritten through a self-insurance fund for Texas political subdivisions. Premiums are paid to the carrier, and they administer all claims. The City is also insured for workers' compensation claims through a self-insurance fund for Texas political subdivisions. Rates are determined by the state, and the pool assigns discount rates to premiums based upon the City's claims history. The City retains, as a risk, only the deductible amount of each policy.

The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with no reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

NOTE 10: DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The plan provisions for the City were as follows:

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

	Plan Year 2021
Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	124
Active employees	73
	312

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.05% and 15.63% in calendar years 2021 and 2020 respectively. The city's contributions to TMRS for the year ended September 30, 2021, were $717,202, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with Public Safety table used for males and the General Employee table used for females. Morality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality rates. The rates for actives, healthy retirees and beneficiaries are projected on a full generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for health retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs to TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternate asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	$ 33,412,870	$ 31,380,014	$ 2,032,856
Changes for the year:			
Service cost	874,546	-	874,546
Interest	2,219,334	-	2,219,334
Change of benefit terms	-	-	-
Difference between expected and actual experience	(68,235)	-	(68,235)
Changes of assumptions	-	-	-
Contributions - employer	-	729,799	(729,799)
Contributions - employee	-	326,846	(326,846)
Net investment income	-	2,380,513	(2,380,513)
Benefit payments, including refunds of employee contributions	(1,942,256)	(1,942,256)	-
Administrative expense	-	(15,413)	15,413
Other changes	-	(601)	601
Net changes	1,083,389	1,478,888	(395,499)
Balance at 12/31/2020	$ 34,496,259	$ 32,858,902	$ 1,637,357

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase Discount Rate (7.75%)
City's Net Pension Liability	$ 6,395,772	$ 1,637,357	$ (2,236,590)

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of $381,002.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 22,323	$ 39,199
Changes in actuarial assumptions	16,012	-
Difference between projected and actual investment earnings.	-	874,227
Contributions subsequent to the measurement date	523,314	-
Total	$ 561,649	$ 913,426

$535,909 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2021	$ (323,436)
2022	35,430
2023	(534,611)
2024	(52,474)
2025	-
Thereafter	-
Total	$ (875,091)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The SDBF is considered to be a single-employer plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees.

NOTE 11. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

B. BENEFITS PROVIDED

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitle to but not yet receiving benefits	10
Active employees	73
	142

C. TOTAL OPEB LIABILITY

The City's total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% including inflation
Retirees' share of benefit relate costs	$0

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for service retirees were based on 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-froward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

NOTE 11. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2019	$ 343,530
Changes for the year:	
Service Cost	11,206
Interest	9,556
Change of benefit terms	-
Difference between expected and actual experience	(12,260)
Changes of assumptions	49,045
Benefit payments	(3,268)
Net changes	54,279
Balance at 12/31/2020	$ 397,809

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase Discount Rate (3.00%)
City's Total OPEB Liability	$ 479,354	$ 397,809	$ 334,426

D. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of $36,489.

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NOTE 11. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	853	14,300
Changes in assumptions and other inputs	74,939	7,369
Contributions subsequent to the measurement date	1,956	-
Total	77,748	21,669

$1,956 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction to the total OPEB liability for the year ending September 30, 2022. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2021	$ 15,727
2022	11,656
2023	17,329
2024	9,411
2025	-
Thereafter	-
Total	$ 54,123

NOTE 12: CONTINGENT LIABILITIES

A. Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency.

These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

NOTE 12: CONTINGENT LIABILITIES (Continued)

B. Litigation

The City has claims or lawsuits arising from the normal course of business. Although the outcome of these claims and lawsuits is not presently determinable, it is the opinion of City management and legal counsel that they will not have a material adverse effect on the financial condition of the City.

NOTE 13: CONTRACTS AND COMMITMENTS

A. Wastewater Treatment

On April 18, 2017, the City Council approved a 20 year agreement with the City of Fort Worth whereby Fort Worth agreed to provide wastewater treatment to the City. The agreement allows the City to connect its wastewater system to the Fort Worth waste water system. Charges to the City are based upon cost-of-service rate studies performed by independent utility rate consultants. This contract has been amended various times during the years. Charges during the year for the treatment of wastewater by the City of Fort Worth were $364,398.

B. Water Treatment

The City entered into a 20 year agreement with the City of Fort Worth effective January 1, 2011 through September 30, 2031 whereby Fort Worth agreed to provide treated water to the City. Rates to purchase the water will be based upon a cost-of-service rate study conducted every three years by independent utility rate consultants. Charges during the year for the purchase of treated water from the City of Fort Worth were $506,267.

C. Transportation of Sewerage

On May 13, 1986, the City entered into an agreement with the City of Hurst to allow sewerage to be metered in Hurst then transported through the Trinity River Authority Calloway Branch sewer line to the city of Fort Worth. Charges to the City are based upon current sewer rates charged to Hurst by the Trinity River Authority and a $75.00 per month meter service charge. Charges during the year from the City of Hurst were $260,723.

NOTE 14: SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the Organization and the duration cannot be estimated at this time.

Subsequent events were evaluated through March 16, 2022, which is the date the financial statements were available to be issued.

NOTE 15: CORONAVIRUS LOCAL FISCAL RECOVERY FUND

Under the American Rescue Plan Act of 2021, the Coronavirus Local Recovery Fund (CLFRF) provides emergency funding for eligible local governments. The U.S. Treasury manages the distribution of these funds to Texas counties and cities with populations above 50,000. Cities, villages, towns, and townships serving populations of less than 50,000 are classified as nonentitlement units of local government and will receive funding distributed by the Texas Division of Emergency Management. $985,321, or 50% of the total award amount of $1,970,642 was received during the year ended September 30, 2021. The funds have not been spent yet and are reported as unearned revenue.

NOTE 16: FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement is effective for reporting periods beginning after June 15, 2021. The City has not yet determined the effect this statement will have on its financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E-1

CITY OF RICHLAND HILLS, TEXAS
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Property	$ 2,630,568	$ 2,640,000	$ 2,629,066	$ (10,934)
Sales	3,013,795	3,402,500	3,619,035	216,535
Franchise	520,000	520,000	533,360	13,360
Fines and forfeitures	464,400	327,800	282,806	(44,994)
Licenses and permits	148,130	169,050	186,174	17,124
Charges for service	307,600	312,000	290,313	(21,687)
Intergovernmental revenue	-	985,321	3,453	(981,868)
Investment earnings	7,000	850	763	(87)
Other revenue	50,000	123,755	126,178	2,423
Total revenues	7,141,493	8,481,276	7,671,148	(810,128)
EXPENDITURES				
Current				
General government	1,448,978	1,381,769	1,395,739	(13,970)
Public safety	3,995,839	4,186,930	4,142,605	44,325
Public works	224,470	252,470	231,511	20,959
Culture and recreation	584,658	619,038	594,711	24,327
Parks and beautification	256,546	140,915	138,268	2,647
Community development	353,968	411,833	415,953	(4,120)
Capital outlay	39,500	39,500	30,893	8,607
Total expenditures	6,903,959	7,032,455	6,949,680	82,775
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	237,534	1,448,821	721,468	(727,353)
OTHER FINANCING SOURCES (USES)				
Transfers out	(379,690)	(372,203)	(331,014)	41,189
Total other financing sources (uses)	(379,690)	(372,203)	(331,014)	41,189
NET CHANGE IN FUND BALANCES	(142,156)	1,076,618	390,454	(686,164)
FUND BALANCE, OCTOBER 1, 2020	4,042,677	4,042,677	4,042,677	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 3,900,521	$ 5,119,295	$ 4,433,131	$ (686,164)

The accompanying notes to required supplementary information are an integral part of this schedule.

EXHIBIT E-2

CITY OF RICHLAND HILLS, TEXAS
Crime Control District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Sales	$ 1,151,805	$ 1,336,461	$ 1,380,638	$ 44,177
Intergovernmental revenues	12,000	1,200	1,742	542
Total revenues	1,163,805	1,337,661	1,382,380	44,719
EXPENDITURES				
Current				
Public safety	1,178,729	1,277,949	1,178,726	99,223
Capital outlay	59,909	51,500	60,598	(9,098)
Total expenditures	1,238,638	1,329,449	1,239,324	90,125
NET CHANGE IN FUND BALANCES	(74,833)	8,212	143,056	134,844
FUND BALANCE, OCTOBER 1, 2020	377,581	377,581	377,581	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 302,748	$ 385,793	$ 520,637	$ 134,844

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF RICHLAND HILLS, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

	2014	2015	2016
Total Pension Liability			
Service Cost	$ 687,735	$ 747,466	$ 768,050
Interest (on the Total Pension Liability)	1,871,624	1,924,741	1,944,232
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(712,052)	(370,657)	$ (390,269)
Change of assumptions	-	212,735	-
Benefit payments, including refunds of employee contributions	(978,956)	(1,257,766)	(1,177,105)
Net Change in Total Pension Liability	868,351	1,256,519	1,144,908
Total Pension Liability - Beginning	26,883,097	27,751,448	29,007,967
Total Pension Liability - Ending	$ 27,751,448	$ 29,007,967	$ 30,152,875
Plan Fiduciary Net Position			
Contributions - Employer	$ 721,134	$ 736,648	$ 675,283
Contributions - Employee	284,230	291,329	292,511
Net Investment Income	1,371,030	37,404	1,698,601
Benefit payments, including refunds of employee contributions	(978,956)	(1,257,766)	(1,177,105)
Administrative Expense	(14,314)	(22,782)	(19,182)
Other	(1,177)	(1,125)	(1,034)
Net Change in Plan Fiduciary Net Position	1,381,947	(216,292)	1,469,074
Plan Fiduciary Net Position - Beginning	23,965,772	25,347,719	25,131,427
Plan Fiduciary Net Position - Ending	$ 25,347,719	$ 25,131,427	$ 26,600,501
Net Pension Liability - Ending	$ 2,403,729	$ 3,876,540	$ 3,552,374
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.34%	86.64%	88.22%
Covered Payroll	$ 4,060,434	$ 4,161,836	$ 4,178,724
Net Pension Liability as a Percentage of Covered Payroll	59.20%	93.14%	85.01%

The accompanying notes to required supplementary information are an integral part of this schedule.

EXHIBIT E-3

2017	2018	2019	2020
$ 818,261	$ 902,607	$ 893,134	$ 874,546
2,011,541	2,057,136	2,124,314	2,219,334
-	-	-	-
$ (298,938)	$ 538	$ 113,437	$ (68,235)
-	-	81,366	-
(1,522,784)	(2,272,345)	(1,648,272)	(1,942,256)
1,008,080	687,936	1,563,979	1,083,389
30,152,875	31,160,955	31,848,891	33,412,870
$ 31,160,955	$ 31,848,891	$ 33,412,870	$ 34,496,259
$ 713,878	$ 774,634	738,471	729,799
309,612	339,326	334,149	326,846
3,687,182	(891,663)	4,280,458	2,380,513
(1,522,784)	(2,272,345)	(1,648,272)	(1,942,256)
(19,106)	(17,234)	(24,197)	(15,413)
(968)	(900)	(727)	(601)
3,167,814	(2,068,182)	3,679,882	1,478,888
26,600,501	29,768,315	27,700,132	31,380,014
$ 29,768,315	$ 27,700,133	$ 31,380,014	$ 32,858,902
$ 1,392,640	$ 4,148,758	$ 2,032,856	$ 1,637,357
95.53%	86.97%	93.92%	95.25%
$ 4,423,034	$ 4,847,513	4,773,564	4,669,225
31.49%	85.59%	42.59%	35.07%

CITY OF RICHLAND HILLS, TEXAS
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)

	2014	2015	2016	2017
Actuarially Determined Contribution	$ 701,213	$ 722,326	$ 713,791	$ 711,966
Contributions in relation to the actuarially determined contribution	$ 701,213	$ 722,326	$ 713,791	$ 711,966
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 4,013,063	$ 4,145,235	$ 4,303,832	$ 4,409,872
Contributions as a percentage of covered payroll	17.47%	17.43%	16.59%	16.14%

The accompanying notes to required supplementary information are an integral part of this schedule.

EXHIBIT E-4

2018	2019	2020	2021
$ 762,645	$ 752,726	708,466	717,202
$ 762,645	$ 752,726	$ 708,466	$ 717,202
$ -	$ -	$ -	$ -
$ 4,755,061	$ 4,827,173	$ 4,544,174	$ 4,501,008
16.04%	15.59%	15.59%	15.93%

EXHIBIT E-5

CITY OF RICHLAND HILLS, TEXAS
Schedule of Changes in OPEB Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	$ 9,731	$ 12,119	$ 10,024	$ 11,206
Interest (on the Total OPEB Liability)	9,484	9,578	10,292	9,556
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(11,178)	1,385	(12,260)
Change of assumptions	20,853	(18,310)	51,104	49,045
Benefit payments, including refunds of employee contributions	(2,654)	(2,909)	(3,341)	(3,268)
Net Change in Total OPEB Liability	37,414	(10,700)	69,464	54,279
Total OPEB Liability - Beginning	247,352	284,766	274,066	343,530
Total OPEB Liability - Ending	$ 284,766	$ 274,066	$ 343,530	$ 397,809
Covered Payroll	$ 4,423,034	$ 4,847,513	$ 4,773,564	$ 4,669,225
Total OPEB Liability as a Percentage of Covered Payroll	6.44%	5.65%	7.20%	8.52%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

The accompanying notes to required supplementary information are an integral part of this schedule.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Crime Control District, Court Building Security Special Revenue Fund, Richland Hills Development Corporation Special Revenue Fund, Court Technology Special Revenue Fund, Hotel Occupancy Tax Special Revenue Fund, Link Operations Special Revenue Fund, Debt Service Fund, Road and Street Capital Project Fund, Oil & Gas Lease Capital Projects Fund, the Capital Projects Fund, and the Baker Boulevard Projects Fund. All annual appropriations lapse at fiscal year end.

At least 35 days prior to the beginning of the budget year, October 1, the City Manager will submit his proposed city budget for the ensuing year to the City Council. From its date of submission, the proposed budget shall be a public record. The City Council shall hold a public hearing on the proposed budget at least 14 days before the beginning of the budget year. At least 10 days notice of such public hearing will be given by notice in the official newspaper. After a hearing, the City Council may make such changes it deems proper in the proposed budget and adopt a final budget prior to the beginning of the budget year. All budget hearings and actions on the budget shall be open to the public. If a final budget is not adopted by the beginning of the budget year, the proposed budget of the City Manager shall be deemed to have been approved. The budget shall go into effect on the first day of the budget year. The budget may be amended during the year only after complying with the notice procedure called for above for adoption of the budget. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at the time are to be either canceled or appropriately provided for in the subsequent year's budget.

The City's budget was properly amended throughout the year as needed.

B. Excess of Expenditures Over Appropriations

The following funds had actual expenditures that exceeded appropriations.

Fund	Amount	Explanation
Richland Hills Development Corporation	13,440	Park improvements
Link Operations	5,330	Part-time wages
Oil & Gas Lease Fund	4,794	Street reconstruction

C. Schedule of Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Table. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

D. Schedule of Changes in OPEB Liability

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS
The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or proprietary funds) that are legally restricted to expenditures for specified purposes.

Court Building Security Fund is used to account for the City's share of fines to be used to enhance building security for municipal court.

The **Richland Hills Development Corporation** is a blended component unit which accounts for the promotion of infrastructure improvements, parks and park facilities and economic development within the City and the State of Texas in order to eliminate unemployment and underemployment and to promote and encourage employment and the public welfare of, for and on behalf of the City.

Court Technology Fund is used to account for the City's share of fines to be used for improvements to municipal court technology.

Library Grants Fund is used to account for grants to be used for the library.

Red Light Camera Enforce Fund accounts for all revenues and expenditures related to red light cameras placed at intersections in the City.

The **Hotel Occupancy Tax Fund** accounts for the proceeds of a 7 percent hotel occupancy tax and expenditures related tourism.

The **Keep Richland Hills Beautiful Fund** accounts for donations to be used for the City's parks.

The **Recreation Event Fund** accounts for recreational events that are hosted by the City.

The **Cares Act Grant COVID-19 Fund** is used to account for all expenditures of the Cares Act Grant the City received to aid them during the COVID-19 pandemic.

The **Crime Victim Liaison Fund** is used to account for expenses of the crime victim liaison cops grant.

The **Link Operations Fund** is used to account for operations of the Link event and recreation center.

DEBT SERVICE FUND
The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECT FUNDS
The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

The **Oil and Gas Lease Fund** is used to account for the proceeds of the oil and gas lease bonus and future expenditures for capital projects.

The **Capital Projects Fund** accounts for the purchase of equipment by the City.

The **2019 Tax Notes Fund** accounts for the proceeds of the 2019 Tax Notes, which will be used for the demolition and renovation of space formerly used as a city jail to be used for city administrative uses, including conference rooms, training rooms, criminal investigation and related municipal use.

The **Baker Boulevard Projects Fund** is used to account for the receipts of the Baker Boulevard TIF zone and the green ribbon and intersection projects.

The **Link Activity Center Fund** is used to account for the construction of the multi-purpose community facility.

The **Vehicle Replacement Fund** accounts for replacement vehicles purchased by the City.

CITY OF RICHLAND HILLS, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2021

	Special Revenue								
	Court Building Security	Richland Hills Development Corporation	Court Technology	Library Grants	Red Light Camera Enforce	Hotel Occupancy Tax	Keep Richland Hills Beautiful	Recreation Event	Cares Act Grant COVID-19
ASSETS									
Cash	$ -	$ 739,290	$ -	$ 9,553	$ -	$ 2,267	$ -	$ 1,663	$ -
Investments	23,477	-	4,785	-	357	148,907	52,638	-	-
Receivables (Net of allowances for uncollectibles)									
Property tax	-	-	-	-	-	-	-	-	-
Sales tax	-	158,796	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	15,847	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Total assets	$ 23,477	$ 898,086	$ 4,785	$ 9,553	$ 357	$ 167,021	$ 52,638	1,663	-
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable	$ -	$ 20,841	$ -	$ -	$ -	$ -	$ -	$ 1,663	$ -
Accrued liabilities	-	1,788	-	-	-	2,405	-	-	-
Unearned revenues	-	-	-	-	-	-	-	-	-
Total liabilities	-	22,629	-	-	-	2,405	-	1,663	-
Deferred inflows of resources									
Deferred revenue	-	-	-	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund Balance:									
Restricted for:									
Public Safety	23,477	-	4,785	-	357	-	-	-	-
Culture and recreation	-	-	-	9,553	-	-	-	-	-
Parks and beautification	-	-	-	-	-	-	52,638	-	-
Economic Development	-	875,457	-	-	-	164,616	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	23,477	875,457	4,785	9,553	357	164,616	52,638	-	-
Total liabilities, deferred inflows of resources and fund balances	$ 23,477	$ 898,086	$ 4,785	$ 9,553	$ 357	$ 167,021	$ 52,638	$ 1,663	$ -

				Capital Projects Funds							
Crime Victim Liaison	Link Operations	Total Special Revenue Funds	Debt Service	Oil & Gas Lease	Capital Projects	2019 Tax Notes	Baker Boulevard Projects	Link Activity Center	Vehicle Replacement	Total Capital Projects Funds	Total Nonmajor Funds
$ -	$ 45,305	$ 798,078	$ 351,552	$ 71,265	$ 23	$ 175	$ -	$ 12,447	$ 22,076	$ 105,986	$ 1,255,616
17,862	-	248,026	93,001	135,828	37,535	-	882,808	-	-	1,056,171	1,397,198
-	-	-	13,084	-	-	-	-	-	-	-	13,084
-	-	158,796	-	-	-	-	-	-	-	-	158,796
-	-	-	-	-	345,788	-	-	-	-	345,788	345,788
-	-	15,847	-	17,454	-	-	-	-	11,463	28,917	44,764
-	-	-	1,730	-	-	-	-	-	-	-	1,730
17,862	45,305	$ 1,220,747	$ 459,367	$ 224,547	$ 383,346	$ 175	$ 882,808	$ 12,447	$ 33,539	$ 1,536,862	$ 3,216,976
$ -	$ 28,663	$ 51,167	$ 4,803	$ 1,754	$ 29,534	$ 6,272	$ -	$ -	$ -	$ 37,560	$ 93,530
-	10,856	15,049	-	-	-	-	-	-	-	-	15,049
-	31,255	31,255	-	-	-	-	-	-		-	31,255
-	70,774	97,471	4,803	1,754	29,534	6,272	-	-	-	37,560	139,834
-	-	-	13,084	-	-	-	-	-	-	-	13,084
-	-	-	13,084	-	-	-	-	-	-	-	13,084
17,862	-	46,481	-	-	-	-	-	-	-	-	46,481
-	-	9,553	-	-	-	-	-	-	-	-	9,553
-	-	52,638	-	-	-	-	-	-	-	-	52,638
-	-	1,040,073	-	-	-	-	-	-	-	-	1,040,073
-	-	-	441,480	-	-	-	-	-	-	-	441,480
-	-	-	-	222,793	353,812	-	882,808	12,447	-	1,471,860	1,471,860
-	-	-	-	-	-	-	-	-	33,539	33,539	33,539
-	(25,469)	(25,469)	-	-	-	(6,097)	-	-	-	(6,097)	(31,566)
17,862	(25,469)	1,123,276	441,480	222,793	353,812	(6,097)	882,808	12,447	33,539	1,499,302	3,064,058
$ 17,862	$ 45,305	$ 1,220,747	$ 459,367	$ 224,547	$ 383,346	$ 175	$ 882,808	$ 12,447	$ 33,539	$ 1,536,862	$ 3,216,976

CITY OF RICHLAND HILLS, TEXAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30, 2021

	Special Revenue								
	Court Building Security	Richland Hills Development Corporation	Court Technology	Library Grants	Red Light Camera Enforce	Hotel Occupancy Tax	Keep Richland Hills Beautiful	Recreation Event	Cares Act Grant COVID-19
REVENUES									
Taxes:									
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales	-	921,073	-	-	-	-	-	-	-
Hotel occupancy tax	-	-	-	-	-	177,111	-	-	-
Fines and forfeitures	5,534	-	4,785	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	-	-	95,854
Investment earnings	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	17,618	5,200	-
Total revenue	5,534	921,073	4,785	-	-	177,111	17,618	5,200	95,854
EXPENDITURES									
Current:									
Public safety	-	-	-	-	13,940	-	-	-	120,069
Culture and recreation	-	-	-	916	-	-	-	7,025	-
Parks and beautification	-	-	-	-	-	-	7,911	-	-
Economic development	-	97,382	-	-	-	67,734	-	-	-
Capital Outlay	-	73,672	-	-	-	-	-	-	-
Debt Service									
Principal	-	130,000	-	-	-	60,000	-	-	-
Interest	-	99,913	-	-	-	46,062	-	-	-
Total expenditures	-	400,967	-	916	13,940	173,796	7,911	7,025	120,069
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,534	520,106	4,785	(916)	(13,940)	3,315	9,707	(1,825)	(24,215)
Other financing sources (uses):									
Gain/loss on the sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	32,982	-	24,215
Transfers out	-	(445,757)	-	-	-	-	-	-	-
Total other financing sources (uses):	-	(445,757)	-	-	-	-	32,982	-	24,215
NET CHANGE IN FUND BALANCES	5,534	74,349	4,785	(916)	(13,940)	3,315	42,689	(1,825)	-
FUND BALANCE, OCTOBER 1, 2020	17,943	801,108	-	10,469	14,297	161,301	9,949	1,825	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 23,477	$ 875,457	$ 4,785	$ 9,553	$ 357	$ 164,616	$ 52,638	$ -	$ -

				Capital Projects Funds							
Crime Victim Liaison	Link Operations	Total Special Revenue Funds	Debt Service	Oil & Gas Lease	Capital Projects	2019 Tax Notes	Baker Boulevard Projects	Link Activity Center	Vehicle Replacement	Total Capital Projects Funds	Total Nonmajor Funds
$ -	$ -	$ -	$ 964,674	$ -	$ -	$ -	$ 167,144	$ -	$ -	$ 167,144	$ 1,131,818
-	-	921,073	-	-	-	-	68,182	-	-	68,182	989,255
-	-	177,111	-	-	-	-	-	-	-	-	177,111
-	-	10,319	-	-	-	-	-	-	-	-	10,319
-	375,467	375,467	-	-	-	-	-	-	-	-	375,467
-	-	95,854	-	-	721,858	-	-	-	-	721,858	817,712
-	-	-	-	-	-	211	-	-	-	211	211
-	-	22,818	-	74,010	-	-	-	-	23,673	97,683	120,501
-	375,467	1,602,642	964,674	74,010	721,858	211	235,326	-	23,673	1,055,078	3,622,394
6,234	-	140,243	-	-	-	-	-	-	-	-	140,243
-	532,483	540,424	-	-	-	-	-	-	-	-	540,424
-	-	7,911	-	-	-	-	-	-	-	-	7,911
-	-	165,116	-	-	-	-	-	-	-	-	165,116
-	-	73,672	-	107,424	1,062,216	881,539	95,350	70,500	18,390	2,235,419	2,309,091
-	-	190,000	415,500	-	116,371	-	-	-	-	116,371	721,871
-	-	145,975	492,989	-	22,884	-	-	-	-	22,884	661,848
6,234	532,483	1,263,341	908,489	107,424	1,201,471	881,539	95,350	70,500	18,390	2,374,674	4,546,504
(6,234)	(157,016)	339,301	56,185	(33,414)	(479,613)	(881,328)	139,976	(70,500)	5,283	(1,319,596)	(924,110)
-	-	-	-			-			5,371	5,371	5,371
-	131,547	188,744	-	-	588,027	201,852	-	-		789,879	978,623
-	-	(445,757)	-	-	-	-	(201,852)	-	-	(201,852)	(647,609)
-	131,547	(257,013)	-	-	588,027	201,852	(201,852)	-	5,371	593,398	336,385
(6,234)	(25,469)	82,288	56,185	(33,414)	108,414	(679,476)	(61,876)	(70,500)	10,654	(726,198)	(587,725)
24,096	-	1,040,988	385,295	256,207	245,398	673,379	944,684	82,947	22,885	2,225,500	3,651,783
$ 17,862	$ (25,469)	$ 1,123,276	$ 441,480	$ 222,793	$ 353,812	$ (6,097)	$ 882,808	$ 12,447	$ 33,539	$ 1,499,302	$ 3,064,058

EXHIBIT G-1

CITY OF RICHLAND HILLS, TEXAS
Court Building Security Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Fines and forfeitures	$ 6,800	$ 5,375	$ 5,534	$ 159
Total revenues	6,800	5,375	5,534	159
EXPENDITURES				
Current				
Public safety	6,800	-	-	-
Total expenditures	6,800	-	-	-
NET CHANGE IN FUND BALANCES	-	5,375	5,534	159
FUND BALANCE, OCTOBER 1, 2020	17,943	17,943	17,943	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 17,943	$ 23,318	$ 23,477	$ 159

EXHIBIT G-2

CITY OF RICHLAND HILLS, TEXAS
Richland Hills Development Corporation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Sales	$ 770,536	$ 889,354	$ 921,073	$ 31,719
Total revenues	770,536	889,354	921,073	31,719
EXPENDITURES				
Economic development	155,412	123,714	97,382	26,332
Capital outlay	419,168	33,900	73,672	(39,772)
Debt service:				
Principal	130,000	130,000	130,000	-
Interest and fiscal agent charges	100,563	99,913	99,913	-
Total expenditures	805,143	387,527	400,967	(13,440)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(34,607)	501,827	520,106	18,279
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(385,268)	(445,757)	(60,489)
Total other financing sources (uses)	-	(385,268)	(445,757)	(60,489)
NET CHANGE IN FUND BALANCES	(34,607)	116,559	74,349	(42,210)
FUND BALANCE, OCTOBER 1, 2020	801,108	801,108	801,108	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 766,501	$ 917,667	$ 875,457	$ (42,210)

EXHIBIT G-3

CITY OF RICHLAND HILLS, TEXAS
Court Technology Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Fines and forfeitures	$ 6,500	$ 4,685	$ 4,785	$ 100
Total revenues	6,500	4,685	4,785	100
EXPENDITURES				
Current				
Public safety	6,500	-	-	-
Total expenditures	6,500	-	-	-
NET CHANGE IN FUND BALANCES	-	4,685	4,785	100
FUND BALANCE, OCTOBER 1, 2020	-	-	-	-
FUND BALANCE, SEPTEMBER 30, 2021	$ -	$ 4,685	$ 4,785	$ 100

EXHIBIT G-4

CITY OF RICHLAND HILLS, TEXAS
Hotel Occupancy Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Hotel occupancy tax	$ 85,000	$ 161,040	$ 177,111	$ 16,071
Total revenues	85,000	161,040	177,111	16,071
EXPENDITURES				
Economic development	114,210	70,505	67,734	2,771
Debt service:				
Principal	60,000	60,000	60,000	-
Interest and fiscal agent charges	45,413	46,063	46,062	1
Total expenditures	219,623	176,568	173,796	2,772
NET CHANGE IN FUND BALANCES	(134,623)	(15,528)	3,315	18,843
FUND BALANCE, OCTOBER 1, 2020	161,301	161,301	161,301	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 26,678	$ 145,773	$ 164,616	$ 18,843

EXHIBIT G-5

CITY OF RICHLAND HILLS, TEXAS
Link Operations Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for Service	$ 240,600	$ 372,220	$ 375,467	$ 3,247
Total revenues	240,600	372,220	375,467	3,247
EXPENDITURES				
Current				
Culture and recreation	482,204	527,153	532,483	(5,330)
Total expenditures	482,204	527,153	532,483	(5,330)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(241,604)	(154,933)	(157,016)	(2,083)
OTHER FINANCING SOURCES (USES)				
Transfers in	237,420	154,933	131,547	(23,386)
Total other financing sources (uses)	237,420	154,933	131,547	(23,386)
NET CHANGE IN FUND BALANCES	(4,184)	-	(25,469)	(25,469)
FUND BALANCE, OCTOBER 1, 2020	-	-	-	-
FUND BALANCE, SEPTEMBER 30, 2021	$ (4,184)	$ -	$ (25,469)	$ (25,469)

EXHIBIT G-6

CITY OF RICHLAND HILLS, TEXAS
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Property taxes	$ 914,227	$ 966,560	$ 964,674	$ (1,886)
Total revenues	914,227	966,560	964,674	(1,886)
EXPENDITURES				
Debt service:				
Principal	435,000	415,500	415,500	-
Interest and fiscal agent charges	493,546	494,165	492,989	1,176
Total expenditures	928,546	909,665	908,489	1,176
NET CHANGE IN FUND BALANCES	(14,319)	56,895	56,185	(710)
FUND BALANCE, OCTOBER 1, 2020	385,295	385,295	385,295	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 370,976	$ 442,190	$ 441,480	$ (710)

EXHIBIT G-7

CITY OF RICHLAND HILLS, TEXAS
Road and Street Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Sales	$ 1,155,779	$ 1,335,030	$ 1,381,609	$ 46,579
Intergovernmental revenue			132,553	132,553
Total revenues	1,155,779	1,335,030	1,514,162	179,132
EXPENDITURES				
Capital outlay	1,100,000	1,335,030	753,043	581,987
Total expenditures	1,100,000	1,335,030	753,043	581,987
NET CHANGE IN FUND BALANCES	55,779	-	761,119	761,119
FUND BALANCE, OCTOBER 1, 2020	1,125,837	1,125,837	1,125,837	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 1,181,616	$ 1,125,837	$ 1,886,956	$ 761,119

EXHIBIT G-8

CITY OF RICHLAND HILLS, TEXAS
Oil & Gas Lease Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Other revenue	$ 33,500	$ 53,000	$ 74,010	$ 21,010
Total revenues	33,500	53,000	74,010	21,010
EXPENDITURES				
Capital outlay	110,000	102,630	107,424	(4,794)
Total expenditures	110,000	102,630	107,424	(4,794)
NET CHANGE IN FUND BALANCES	(76,500)	(49,630)	(33,414)	16,216
FUND BALANCE, OCTOBER 1, 2020	256,207	256,207	256,207	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 179,707	$ 206,577	$ 222,793	$ 16,216

EXHIBIT G-9

CITY OF RICHLAND HILLS, TEXAS
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental revenue	$ 1,372,560	$ 990,221	$ 721,858	$ (268,363)
Total revenues	1,372,560	990,221	721,858	(268,363)
EXPENDITURES				
Current				
Capital outlay	1,535,231	1,299,765	1,062,216	237,549
Debt service:				
Principal	116,637	113,756	116,371	(2,615)
Interest and fiscal agent charges	25,633	25,500	22,884	2,616
Total expenditures	1,677,501	1,439,021	1,201,471	237,550
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(304,941)	(448,800)	(479,613)	(30,813)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of general capital assets	-	385,268	-	(385,268)
Transfers in	142,270	142,270	588,027	445,757
Total other financing sources (uses)	142,270	527,538	588,027	60,489
NET CHANGE IN FUND BALANCES	(162,671)	78,738	108,414	29,676
FUND BALANCE, OCTOBER 1, 2020	245,398	245,398	245,398	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 82,727	$ 324,136	$ 353,812	$ 29,676

EXHIBIT G-10

CITY OF RICHLAND HILLS, TEXAS
Baker Boulevard Projects
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Property taxes	$ 174,774	$ 167,144	$ 167,144	$ -
Sales	75,000	75,000	68,182	(6,818)
Total revenues	249,774	242,144	235,326	(6,818)
EXPENDITURES				
Current				
Economic development	400,000	-	-	-
Capital outlay	20,000	97,110	95,350	1,760
Total expenditures	420,000	97,110	95,350	1,760
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(170,226)	145,034	139,976	(5,058)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(240,477)	(201,852)	38,625
Total other financing sources (uses)	-	(240,477)	(201,852)	38,625
NET CHANGE IN FUND BALANCES	(170,226)	(95,443)	(61,876)	33,567
FUND BALANCE, OCTOBER 1, 2020	944,684	944,684	944,684	-
FUND BALANCE, SEPTEMBER 30, 2021	$ 774,458	$ 849,241	$ 882,808	$ 33,567

STATISTICAL DATA
(Unaudited)

CITY OF RICHLAND HILLS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021
STATISTICAL SECTION INDEX
(Unaudited)

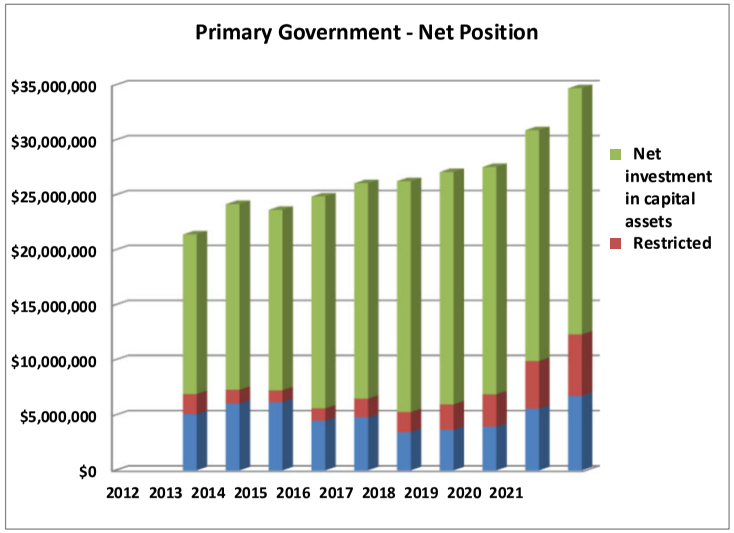
This part of the City of Richland Hills' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	TABLES
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-4
REVENUE CAPACITY These schedules contain information to help the reader assess the government's most significant local revenue sources, property and sales tax.	5-10
DEBT CAPACITY These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	11-15
DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	16-17
OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	18-20

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports of the relevant year.

CITY OF RICHLAND HILLS, TEXAS **TABLE 1**
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	$ 7,603,080	$ 9,777,284	$ 10,136,996	$ 10,450,781	$ 10,653,314	$ 11,342,503	$ 10,617,667	$ 9,925,810	$ 9,928,481	$ 11,386,772
Restricted	1,811,780	1,245,956	1,069,428	1,127,400	1,692,036	1,812,889	2,298,796	2,946,115	4,304,087	5,564,111
Unrestricted	2,359,827	2,240,995	3,410,142	2,205,841	2,791,787	1,415,184	1,708,787	1,718,246	2,675,729	2,976,618
Total governmental activities net position	$ 11,774,687	$ 13,264,235	$ 14,616,566	$ 13,784,022	$ 15,137,137	$ 14,570,576	$ 14,625,250	$ 14,590,171	$ 16,908,297	$ 19,927,501
Business-type activities:										
Net investment in capital assets	$ 6,893,293	$ 7,096,222	$ 6,254,783	$ 8,788,016	$ 8,921,383	$ 9,637,000	$ 10,501,116	$ 10,728,810	$ 11,062,511	$ 11,014,660
Restricted	-	-	-	-	-	-	-	-	-	
Unrestricted	2,745,136	3,811,452	2,770,715	2,284,595	2,010,464	2,053,701	1,968,931	2,230,173	2,928,819	3,770,165
Total business-type activities net position	$ 9,638,429	$ 10,907,674	$ 9,025,498	$ 11,072,611	$ 10,931,847	$ 11,690,701	$ 12,470,047	$ 12,958,983	$ 13,991,330	$ 14,784,825
Primary government:										
Net investment in capital assets	$ 14,496,373	$ 16,873,506	$ 16,391,779	$ 19,238,797	$ 19,574,697	$ 20,979,503	$ 21,118,783	$ 20,654,620	$ 20,990,992	$ 22,401,432
Restricted	1,811,780	1,245,956	1,069,428	1,127,400	1,692,036	1,812,889	2,298,796	2,946,115	4,304,087	5,564,111
Unrestricted	5,104,963	6,052,447	6,180,857	4,490,436	4,802,251	3,468,885	3,677,718	3,948,419	5,604,548	6,746,783
Total primary government activities net position	$ 21,413,116	$ 24,171,909	$ 23,642,064	$ 24,856,633	$ 26,068,984	$ 26,261,277	$ 27,095,297	$ 27,549,154	$ 30,899,627	$ 34,712,326



CITY OF RICHLAND HILLS, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2012	**2013**	**2014**	**2015**
EXPENSES				
Governmental activities:				
General government	$ 628,950	$ 654,916	$ 1,241,332	$ 1,182,618
Public safety	4,903,622	4,977,046	5,023,432	4,898,102
Public works	1,211,553	716,031	641,584	695,387
Culture and recreation	389,982	435,470	422,537	413,433
Parks and beautification	34,013	15,628	88,408	74,723
Community development	614,100	757,894	769,346	787,272
Economic development	-	-	-	-
Interest and fiscal agent charges	79,132	70,283	36,102	33,408
Bond issuance costs	-	-	-	-
Total governmental activities expenses	7,861,352	7,627,268	8,222,741	8,084,943
Business-type activities:				
Water and wastewater	3,647,012	3,183,727	5,183,820	3,801,600
Drainage utility	328,298	548,407	2,493,216	399,214
Total business-type activities expenses	3,975,310	3,732,134	7,677,036	4,200,814
Total primary government expenses	$ 11,836,662	$ 11,359,402	$ 15,899,777	$ 12,285,757
PROGRAM REVENUES				
Governmental activities:				
Charges for services	$ 1,040,455	$ 1,281,205	$ 1,223,032	$ 1,115,626
Operating grants and contributions	377,544	382,669	332,703	324,176
Capital grants and contributions	280,848	1,885,625	173,007	298,227
Total governmental activities program revenues	1,698,847	3,549,499	1,728,742	1,738,029
Business-type activities				
Charges for services	5,058,622	4,933,914	4,697,772	4,698,246
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	5,058,622	4,933,914	4,697,772	4,698,246
Total primary government program revenues	$ 6,757,469	$ 8,483,413	$ 6,426,514	$ 6,436,275
NET (EXPENSE) REVENUE				
Governmental activities	$ (6,162,505)	$ (4,077,769)	$ (6,493,999)	$ (6,346,914)
Business-type activities	1,083,312	1,201,780	(2,979,264)	497,432
Total primary government net expense	$ (5,079,193)	$ (2,875,989)	$ (9,473,263)	$ (5,849,482)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	$ 2,204,507	$ 2,174,946	$ 2,309,156	$ 2,324,952
Sales	3,077,839	2,743,469	3,852,303	4,023,815
Franchise	651,374	471,759	602,352	590,583
Hotel occupancy	182,112	194,967	210,250	210,250
Investment earnings	2,416	2,076	1,078	9,701
Miscellaneous	12,053	8,513	8,777	8,777
Gain (loss) on retirement of capital assets	-	28,678	(269,203)	6,452
Transfers in (out)	(116,198)	(57,091)	413,985	413,985
Total governmental activities	6,014,103	5,567,317	7,128,698	7,588,515
Business-type activities:				
Investment earnings	4,618	4,141	1,529	1,542
Miscellaneous	7,925	6,233	10,397	10,397
Transfers in (out)	116,198	57,091	(413,983)	(413,985)
Total business-type activities	128,741	67,465	(402,057)	(402,046)
Total primary government	$ 6,142,844	$ 5,634,782	$ 6,726,641	$ 7,186,469
Change in Net Position				
Governmental activities	$ (148,402)	$ 1,489,548	$ 634,699	$ 1,241,601
Business-type activies	1,212,053	1,269,245	(3,381,321)	95,386
Total primary government	$ 1,063,651	$ 2,758,793	$ (2,746,622)	$ 1,336,987

(Continued)

TABLE 2

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	**2021**
$ 1,297,325	$ 2,070,959	$ 1,735,244	$ 1,802,970	$ 1,305,958	$ 1,433,218
5,250,251	5,377,655	5,710,989	6,030,013	5,895,176	5,660,499
743,555	682,106	664,835	929,775	690,123	801,562
445,559	1,445,683	1,366,158	1,585,385	1,362,787	1,387,144
45,555	565,333	567,625	660,430	644,340	737,938
527,634	387,387	476,545	282,211	472,435	411,596
184,833	113,213	127,644	202,730	268,713	165,116
272,493	422,212	427,832	447,445	585,288	561,806
269,037	-	5,852	203,390	-	-
9,036,242	11,064,548	11,082,724	12,144,349	11,224,820	11,158,879
3,939,736	3,574,827	3,463,115	4,163,091	3,563,124	4,394,454
609,757	604,158	686,287	663,439	584,961	675,847
4,549,493	4,178,985	4,149,402	4,826,530	4,148,085	5,070,301
$ 13,585,735	$ 15,243,533	$ 15,232,126	$ 16,970,879	$ 15,372,905	$ 16,229,180
$ 1,400,803	$ 1,481,181	$ 1,775,163	$ 1,711,007	$ 1,509,317	$ 1,208,191
212,901	225,025	196,804	29,361	368,625	131,684
364,313	4,148	39,582	205,260	118,210	854,411
1,978,017	1,710,354	2,011,549	1,945,628	1,996,152	2,194,286
4,916,055	5,058,451	5,144,552	5,142,527	5,167,724	5,863,089
-	173,079	9,585	145,000	-	
4,916,055	5,231,530	5,154,137	5,287,527	5,167,724	5,863,089
$ 6,894,072	$ 6,941,884	$ 7,165,686	$ 7,233,155	$ 7,163,876	$ 8,057,375
$ (7,058,225)	$ (9,354,194)	$ (9,071,175)	$ (10,198,721)	$ (9,228,668)	$ (8,964,593)
366,562	1,052,545	1,004,735	460,997	1,019,639	792,788
$ (6,691,663)	$ (8,301,649)	$ (8,066,440)	$ (9,737,724)	$ (8,209,029)	$ (8,171,805)
$ 2,364,093	$ 2,839,255	$ 2,972,668	$ 3,199,055	$ 3,707,148	$ 3,762,747
4,471,407	4,735,759	5,081,993	5,851,598	6,906,449	7,370,537
599,094	512,109	560,282	650,388	547,312	516,814
232,946	226,677	231,045	200,577	85,603	155,154
2,992	16,669	33,085	46,896	73,895	2,763
232,653	97,487	149,513	166,686	226,387	170,411
-	61,519	106,522	48,442	-	5,371
508,155	298,158	210,192	-	-	-
8,411,340	8,787,633	9,345,300	10,163,642	11,546,794	11,983,797
829	4,467	12,704	27,939	12,708	707
-	-	-	-	-	
(508,155)	(298,158)	(210,192)	-	-	
(507,326)	(293,691)	(197,488)	27,939	12,708	707
$ 7,904,014	$ 8,493,942	$ 9,147,812	$ 10,191,581	$ 11,559,502	$ 11,984,504
$ 1,353,115	$ (566,561)	$ 274,125	$ (35,079)	$ 2,318,126	$ 3,019,204
(140,764)	758,854	807,247	488,936	1,032,347	793,495
$ 1,212,351	$ 192,293	$ 1,081,372	$ 453,857	$ 3,350,473	$ 3,812,699

(concluded)

CITY OF RICHLAND HILLS, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2012	**2013**	**2014**	**2015**	**2016**
General Fund					
Nonspendable	$ 663,958	$ 432,896	$ 487,319	$ -	$ 46,221
Restricted	-	-	-	-	57,661
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,404,689	1,549,578	2,384,982	3,031,436	3,883,656
Total general fund	$ 2,068,647	$ 1,982,474	$ 2,872,301	$ 3,031,436	$ 3,987,538
All Other Governmental Funds					
Restricted	$ 1,819,068	$ 1,411,511	$ 1,511,691	$ 1,513,668	$ 11,552,448
Assigned	23,425	23,425	23,425	23,425	40,711
Unassigned	(47,496)	(40,487)	(367,364)	(216,619)	(91,145)
Total all other governmental funds	$ 1,794,997	$ 1,394,449	$ 1,167,752	$ 1,320,474	$ 11,502,014

(Continued)

TABLE 3

Fiscal Year				
2017	**2018**	**2019**	**2020**	**2021**
$ 1,813	$ 63,242	$ 22,013	$ 49,732	$ 48,023
59,086	64,622	94,408	100,793	81,349
-	-	-	-	-
-	-	-	-	-
2,630,467	2,827,940	2,849,792	3,912,570	4,303,759
$ 2,691,366	$ 2,955,804	$ 2,966,213	$ 4,063,095	$ 4,433,131
$ 2,347,740	$ 2,395,212	$ 9,549,679	$ 10,166,690	$ 6,060,835
2,711	2,711	216,947	270,108	33,539
-	-	-	-	(31,566)
$ 2,350,451	$ 2,397,923	$ 9,766,626	$ 10,436,798	$ 6,062,808

(concluded)

CITY OF RICHLAND HILLS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2012	**2013**	**2014**	**2015**
REVENUES				
Taxes	$ 6,074,453	$ 5,634,403	$ 6,959,860	$ 7,131,372
Fines and forfeitures	638,238	901,659	775,521	775,521
Licenses and permits	144,736	99,370	131,148	131,148
Charges for service	263,253	279,873	260,172	260,172
Intergovernmental	337,263	1,989,549	309,768	485,486
Investment earnings	2,416	2,076	1,078	1,078
Miscellaneous	340,957	287,258	204,719	145,694
Total revenues	7,801,316	9,194,188	8,642,266	8,930,471
EXPENDITURES				
Current operations:				
General government	838,508	610,000	1,181,854	1,181,854
Public safety	4,728,371	4,677,900	4,788,070	4,789,942
Public works	298,169	394,109	252,849	252,849
Culture and recreation	370,103	389,945	378,424	378,425
Parks and beutification	26,991	8,110	81,620	81,620
Community development	620,579	753,020	769,346	769,346
Economic development	-	-	-	-
Capital outlay	537,927	2,853,936	921,268	895,743
Debt service:				
Principal	293,000	308,000	330,000	330,000
Interest and fiscal agent charges	73,191	81,240	36,404	36,404
Bond issuance costs	-	-	-	-
Total expenditures	7,786,839	10,076,260	8,739,835	8,716,183
Excess (deficiency) of revenues over (under) expenditures	14,477	(882,072)	(97,569)	214,288
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	37,442	-	6,452
Proceeds from capital lease	-	-	-	-
Proceeds of bond issuance	-	415,000	-	-
Refund on existing debt	-	-	-	-
Bond issuance premium	-	-	-	-
Proceeds from insurance recovery	-	-	-	-
Transfers in	144,110	146,707	705,559	705,560
Transfers out	(260,308)	(203,798)	(291,574)	(291,575)
Total other financing sources (uses)	(116,198)	395,351	413,985	420,437
Net change in fund balances	$ (101,721)	$ (486,721)	$ 316,416	$ 634,725
Debt service as a percentage of non-capital expenditures	5.05%	5.39%	4.69%	4.69%

(Continued)

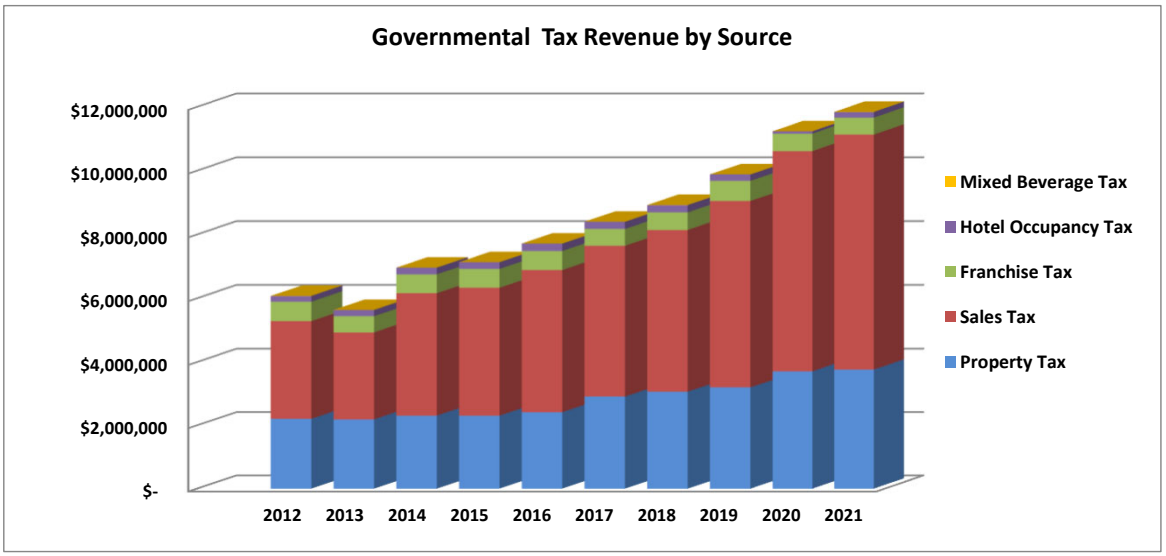
TABLE 4

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	**2021**
$ 7,715,290	$ 8,400,231	$ 8,923,509	$ 9,883,901	$ 11,261,193	$ 11,841,892
953,662	784,004	755,599	747,816	421,680	293,125
155,834	168,640	138,751	168,765	383,038	186,174
316,544	407,685	687,291	694,494	713,931	665,780
280,429	428,826	212,493	209,449	456,161	955,460
2,992	16,669	33,085	46,896	73,895	2,763
233,745	121,224	173,406	191,858	193,276	246,679
9,658,496	10,327,279	10,924,134	11,943,179	13,503,174	14,191,873
1,288,242	2,102,399	1,693,517	1,720,769	1,260,799	1,395,739
4,948,279	4,955,726	5,415,041	5,355,003	5,317,932	5,461,574
292,570	173,764	185,479	240,479	158,080	231,511
403,527	726,122	1,041,613	1,076,150	1,055,758	1,135,135
45,555	134,826	125,182	216,351	177,500	146,179
438,384	381,325	481,077	275,784	461,423	415,953
184,833	113,213	127,644	202,730	268,713	165,116
4,917,553	11,855,499	953,090	1,359,363	2,416,463	7,866,272
355,451	254,729	405,610	402,540	694,054	721,871
24,799	669,467	471,912	464,340	668,016	661,848
269,037	-	5,852	203,390	-	-
13,168,230	21,367,070	10,906,017	11,516,899	12,478,738	18,201,198
(3,509,734)	(11,039,791)	18,117	426,280	1,024,436	(4,009,325)
40,711	61,519	77,295	48,442	22,885	5,371
-	232,379	-	-	719,733	
13,475,000	-	228,750	6,340,000	-	
-	-	(222,444)	-	-	
623,510	-	-	564,390	-	
-	-	-	-	-	
942,848	2,498,158	2,061,600	610,959	291,844	978,623
(434,693)	(2,200,000)	(1,851,408)	(610,959)	(291,844)	(978,623)
14,647,376	592,056	293,793	6,952,832	742,618	5,371
$ 11,137,642	$ (10,447,735)	$ 311,910	$ 7,379,112	$ 1,767,054	$ (4,003,954)
4.61%	9.36%	8.79%	8.21%	13.53%	13.40%

(concluded)

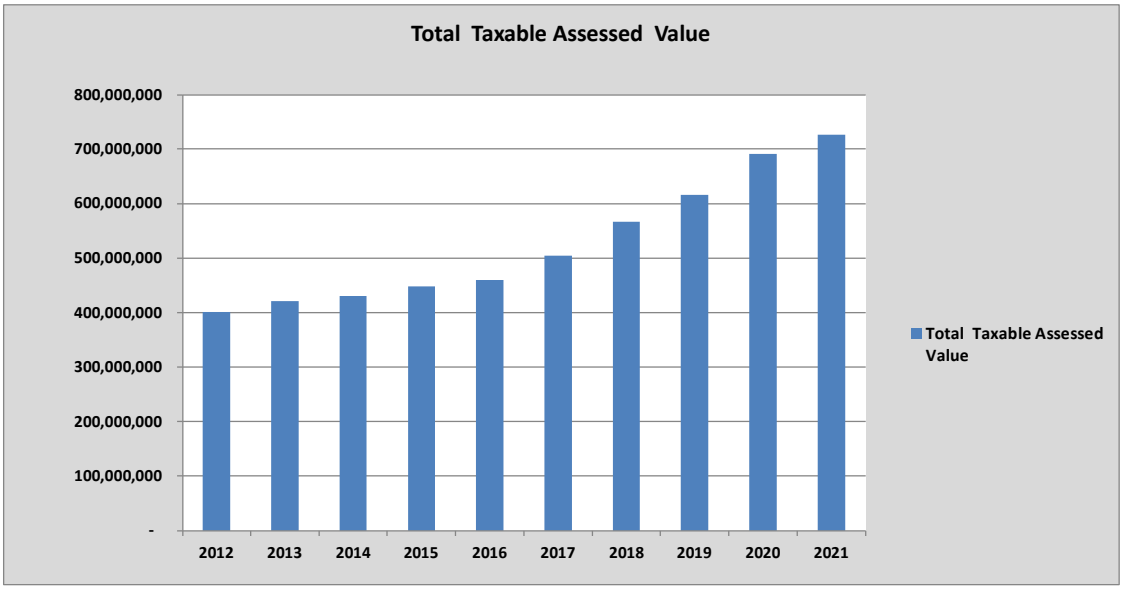
CITY OF RICHLAND HILLS, TEXAS **TABLE 5**
GOVERNMENTAL FUNDS
TAX REVENUE BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Mixed Beverage Tax	Franchise Tax	Hotel Occupancy Tax	Total Tax Revenue
2012	2,205,032	3,076,426	1,413	609,470	182,112	6,074,453
2013	2,187,394	2,741,969	1,500	508,573	194,967	5,634,403
2014	2,306,724	3,850,729	1,574	590,583	210,250	6,959,860
2015	2,306,724	4,021,746	2,069	590,583	210,250	7,131,372
2016	2,416,008	4,469,203	2,204	594,929	232,946	7,715,290
2017	2,909,940	4,733,430	2,329	527,855	226,677	8,400,231
2018	3,061,504	5,080,421	1,572	548,966	231,045	8,923,508
2019	3,198,614	5,849,484	2,114	633,112	200,577	9,883,901
2020	3,707,148	6,906,449	1,640	547,312	73,895	11,236,444
2021	3,760,884	7,367,612	2,925	533,360	177,111	11,841,892



CITY OF RICHLAND HILLS, TEXAS **TABLE 6**
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Assessed Property Value					Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Residential Property	Commercial Property	Industrial Property	Other Property	Personal Property					
2012	245,970,064	108,710,252	10,440,987	435,104	71,202,225	35,315,955	401,442,677	0.551757	401,442,677	100.0%
2013	233,751,444	132,749,662	11,100,542	4,133,920	78,054,664	39,336,819	420,453,413	0.528094	420,453,413	100.0%
2014	244,644,818	133,773,931	11,034,455	5,204,810	83,241,474	47,763,360	430,136,128	0.528094	430,136,128	100.0%
2015	249,818,804	140,619,127	10,954,105	8,567,090	88,156,960	49,823,877	448,292,209	0.528094	448,292,209	100.0%
2016	252,248,877	148,470,367	10,935,105	6,433,902	89,767,063	48,639,210	459,216,104	0.528805	459,216,104	100.0%
2017	283,204,384	164,847,074	13,090,988	497,316	94,503,549	51,585,738	504,557,573	0.595633	504,557,573	100.0%
2018	317,868,306	199,515,427	14,298,894	111,002	101,993,372	67,615,182	566,171,819	0.563738	566,171,819	100.0%
2019	352,011,740	208,140,145	15,195,814	341,130	108,277,963	67,797,937	616,168,855	0.541880	616,168,855	100.0%
2020	394,094,551	231,526,855	20,884,453	1,805,720	109,575,049	67,301,522	690,585,106	0.558551	690,585,106	100.0%
2021	423,423,768	239,006,207	19,145,422	1,052,000	111,532,031	67,882,417	726,277,011	0.558551	726,277,011	100.0%



Source: Tarrant Appraisal District

Note: Property in the City is reassessed each year by the Tarrant Appraisal District.
Property is assessed at actual value; therefore,the assessed values are equal to actual value.

CITY OF RICHLAND HILLS, TEXAS **TABLE 7**
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Unaudited)

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OVERLAPPING RATES										
Tarrant County	0.264000	0.264000	0.264000	0.264000	0.264000	0.244000	0.244000	0.234000	0.234000	0.229000
Tarrant County Hospital District	0.227897	0.227897	0.227897	0.227897	0.227897	0.224429	0.224429	0.224429	0.224429	0.224429
Tarrant County College District	0.148970	0.148970	0.149500	0.149500	0.149500	0.140060	0.140060	0.136070	0.130170	0.130170
Birdville Independent School District	1.435000	1.435000	1.435000	1.435000	1.453900	1.453900	1.453900	1.453900	1.383900	1.380300
CITY DIRECT RATES										
Operating & Maintenance	0.485915	0.465214	0.467694	0.469092	0.470680	0.471433	0.460847	0.450755	0.418051	0.413294
Interest & Sinking	0.065842	0.062880	0.060400	0.059002	0.058125	0.124200	0.102891	0.091125	0.140500	0.145257
Total Direct Rate	0.551757	0.528094	0.528094	0.528094	0.528805	0.595633	0.563738	0.541880	0.558551	0.558551
Total Direct & Overlapping Rate	2.627624	2.603961	2.604491	2.604491	2.624102	2.658022	2.626127	2.590279	2.531050	2.522450

Note: All rates per $100 assessed value.
Totals are not provided for columns since they would be meaningless.
Some of the jurisdictions are mutually exclusive.

Sources: Tarrant Appraisal District and City records.

CITY OF RICHLAND HILLS, TEXAS **TABLE 8**
PRINCIPAL PROPERTY TAXPAYERS
Current and Ten Years Ago
(Unaudited)

		2021			2012		
Taxpayer	**Industry**	**2020 Taxable Assessed Valuation****	**Rank**	**Percentage of Total Taxable Assesed Valuation**	**2011 Taxable Assessed Valuation***	**Rank**	**Percentage of Total Taxable Assesed Valuation**
A&R Calloway LLC	Apartments	$ 24,638,000	1	3.4%	$ -		-
356 Midway Venture LLC	Real Estate/Commercial	15,942,350	2	2.2%	-		-
Buyers Barricades	Retailer	11,337,708	3	1.6%	-		-
Stuart C Irby LLC	Retailer	9,609,345	4	1.3%	3,948,765	5	1.0%
WalMart Stores	Retailer	7,116,481	5	1.0%	-		-
Hung Properties #1 LP	Real Estate/Commercial	7,100,000	6	1.0%	3,000,000	8	-
Oncor Electric Co	Utility	6,136,467	7	0.8%	4,430,944	4	1.1%
Hudgins Donald L	Commercial	5,708,063	8	0.8%			
E.L. Baker/Baker Develop.	Real Estate/Commercial	5,389,692	9	0.7%			0.0%
Storage Trust Properties	Storage Facility	4,319,744	10	0.6%			
First Industrial, LP	Real Estate/Commercial			0.0%	12,941,545	1	3.2%
Southwestern Bell	Utility	-		0.0%	7,469,005	2	1.9%
CNN Churchill III	Hotel			0.0%	4,852,226	3	1.2%
Regency Raintree	Apartments	-		0.0%	3,775,000	6	0.9%
AHC Richland Hill LLC	Senior living			0.0%	3,198,197	7	0.8%
Composites One LLC	Retailer	-		0.0%	2,632,582	9	0.7%
Rewal Corp II	Real Estate/commercial	-		0.0%	2,549,700	10	0.6%
Total		$ 97,297,850		13.4%	$ 48,797,964		12.2%
Total assessed value of other taxpayers		628,979,161		86.6%	352,644,713		87.8%
Total assessed value of all taxpayers		$ 726,277,011		100.0%	$ 401,442,677		100.0%

Source: Tarrant Appraisal District
* Taxpayers assessed on January 1, 2011 (2011 tax year) for the 2011-2012 fiscal year.
** Taxpayers assessed on January 1, 2020 (2020 tax year) for the 2020 -2021 fiscal year.

CITY OF RICHLAND HILLS, TEXAS **TABLE 9**
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

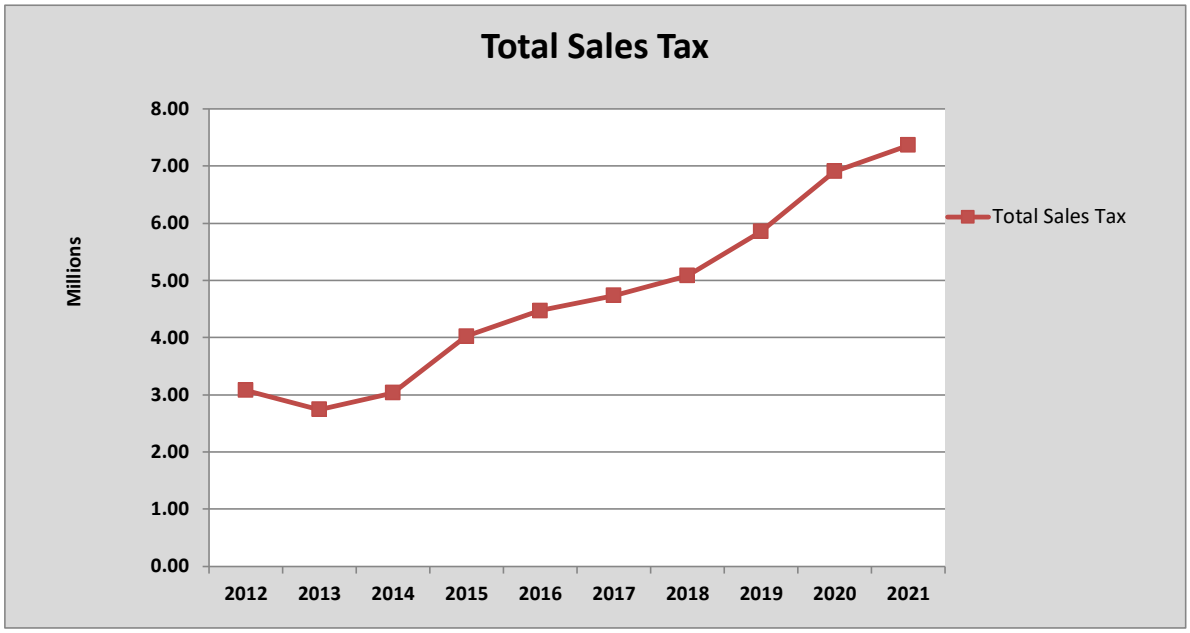
Fiscal Year Ended 9/30	Actual Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	2011	2,183,418	2,155,888	98.7%	20,582	2,176,470	99.7%
2013	2012	2,162,748	2,119,438	98.0%	37,008	2,156,446	99.7%
2014	2013	2,250,917	2,231,421	99.1%	10,192	2,241,613	99.6%
2015	2014	2,316,163	2,272,895	98.1%	38,020	2,310,915	99.8%
2016	2015	2,380,796	2,354,223	98.9%	21,439	2,375,662	99.8%
2017	2016	2,875,298	2,836,300	98.6%	34,281	2,870,581	99.8%
2018	2017	3,008,103	2,970,529	98.8%	30,664	3,001,194	99.8%
2019	2018	3,158,251	3,116,025	98.7%	29,470	3,145,495	99.6%
2020	2019	3,630,618	3,580,932	98.6%	34,864	3,615,796	99.6%
2021	2020	3,721,627	3,671,287	98.6%	-	3,671,287	98.6%

Source: Tarrant County Tax Assessor Collector.

Tax Lien and Assessment Date:	January 1 each year
Taxes due:	October 1 of the same year
Taxes delinquent:	February 1 of the following year

CITY OF RICHLAND HILLS, TEXAS **TABLE 10**
SALES TAX COLLECTIONS BY FUND
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended 9/30	General	(TIF) Tax Increment Financing	Crime Control District	Road and Street *	Richland Hills Development Corporation	Total Sales Tax Collections
2012	2,045,187	8,295	767,848	-	256,509	3,077,839
2013	1,822,994	7,002	684,911	-	228,562	2,743,469
2014	1,987,280	35,470	754,203	-	252,648	3,029,601
2015	2,583,922	101,400	1,003,104	-	335,389	4,023,815
2016	2,873,295	107,428	1,118,369	-	372,315	4,471,407
2017	2,980,714	178,474	1,186,765	-	389,806	4,735,759
2018	3,267,337	104,325	1,293,803	-	416,528	5,081,993
2019	3,303,034	49,252	1,248,819	625,562	624,931	5,851,598
2020	3,367,227	80,581	1,302,112	1,292,928	861,952	6,904,800
2021	3,619,035	68,182	1,380,638	1,381,609	921,073	7,370,537



* Sales tax was voted to be collected effective April 2019.
Source: City records.

CITY OF RICHLAND HILLS, TEXAS
RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

	GOVERNMENTAL ACTIVITIES					
Fiscal Year	**General Obligaton Bonds**	**Premiums**	**Certificates of Obligation (1)**	**Public Property Finance Contractual Obligations**	**Tax Notes**	**Capital Leases**
2012	-	-	475,000	787,000	-	-
2013	-	-	365,000	1,004,000	-	47,420
2014	-	-	250,000	801,000	-	39,016
2015	-	-	130,000	591,000	-	30,104
2016	8,770,000	623,510	4,705,000	375,000	-	20,653
2017	8,770,000	565,372	4,585,000	297,000	-	196,303
2018	8,863,250	523,579	4,410,000	42,000	-	141,193
2019	14,388,500	1,046,871	4,230,000	-	680,000	95,403
2020	14,077,250	950,156	4,050,000	-	590,000	702,332
2021	13,751,750	853,623	3,860,000	-	500,000	585,961

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Includes certificate of obligation secured by combination property tax and revenue.
(2) Includes governmental activities and business-type activities debt.
(3) See Table 16 for population and personal income data.

TABLE 11

BUSINESS-TYPE ACTIVITIES						
General Obligation Bonds	Certificates of Obligation	Premiums	Capital Leases	Total Primary Government (2)	Total Debt Per Capita (3)	Per Capita Debt as a Percent of Capita Income (3)
-	7,055,000	-	209,026	8,526,026	1,093	4.4%
-	12,230,000	537,466	160,167	14,344,053	1,839	7.5%
-	11,500,000	505,314	109,110	13,204,440	1,693	6.9%
-	11,750,000	473,166	55,756	13,030,026	1,645	6.7%
-	10,895,000	441,021	270,722	26,100,906	3,296	13.4%
-	10,000,000	408,871	206,981	25,029,527	3,160	12.8%
1,151,750	7,935,000	376,723	140,683	23,584,178	2,978	10.3%
1,011,500	7,405,000	344,573	71,725	29,273,572	3,696	12.3%
862,750	6,850,000	312,423	-	28,394,911	3,585	11.3%
2,283,250	4,750,000	280,276	-	26,864,860	3,383	9.9%

CITY OF RICHLAND HILLS, TEXAS **TABLE 12**
RATIOS OF GENERAL BONDED DEBT
PER ASSESSED VALUE AND PER CAPITA
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Actual Taxable Value (1)	Net Bonded Debt Per Capita (2)
2012	787,000	123,525	663,475	0.17%	85
2013	1,004,000	125,011	878,989	0.21%	113
2014	801,000	144,394	656,606	0.15%	84
2015	591,000	185,035	405,965	0.09%	51
2016	9,145,000	164,196	8,980,804	1.96%	1,134
2017	9,067,000	237,811	8,829,189	1.75%	1,115
2018	10,057,000	310,514	9,746,486	1.72%	1,231
2019	16,080,000	363,334	15,716,666	2.55%	1,984
2020	15,530,000	385,295	15,144,705	2.19%	1,912
2021	16,535,000	441,480	16,093,520	2.22%	2,027

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See Table 6 for taxable value data.
(2) See Table 16 for population and personal income data.

CITY OF RICHLAND HILLS, TEXAS **TABLE 13**
GENERAL BONDED DEBT AS A RATIO OF
ANNUAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Principal	Interest and fees	Total Debt Service	Total Governmental Expenditures (1)	Ratio of Debt Service to Governmental Expenditures
2012	293,000	73,191	366,191	7,786,839	4.7%
2013	238,000	52,190	290,190	10,076,260	2.9%
2014	203,000	29,730	232,730	9,312,525	2.5%
2015	210,000	29,730	239,730	8,716,183	2.8%
2016	346,000	22,978	368,978	13,168,230	2.8%
2017	198,000	664,965	862,965	21,367,070	4.0%
2018	350,500	464,388	814,888	10,906,017	7.5%
2019	356,750	460,171	816,921	11,516,899	7.1%
2020	581,250	636,650	1,217,900	12,478,738	9.8%
2021	605,500	633,857	1,239,357	18,201,198	6.8%

Notes: (1) Includes general, special revenue, debt service and capital project funds.

CITY OF RICHLAND HILLS, TEXAS **TABLE 14**
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2021
(Unaudited)

Governmental Unit	Tax Supported Debt Outstanding	Estimated Percent Applicable*	Estimated Share of Direct and Overlapping Debt
City of Richland Hills	$ 19,551,334	100%	$ 19,551,334
Total direct debt			$ 19,551,334
Tarrant County (1)	213,675,000	0.37%	$ 781,120
Tarrant County Hospital District(1)	14,495,000	0.37%	52,947
Tarrant County College District	264,175,000	0.36%	960,498
Birdville Independent School District(2)	440,840,000	6.52%	28,722,800
Total overlapping debt			$ 30,517,365
Total direct and overlapping debt			$ 50,068,699
Total Direct and Overlapping Debt per Capita:			$ 6,306

Source: (1) Texas Municipal Reports
(2) Per Birdville ISD ACFR for fiscal year end June 30, 2021.

*Estimated percentage is based on formula using assessed net taxable property values located within the Richland Hills City limits.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Richland Hills. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borned by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF RICHLAND HILLS, TEXAS **TABLE 15**
Computation of Legal Debt Margin
September 30, 2021
(Unaudited)

Article XI, Section 5 of the State of Texas Constitution state in part:

"… no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property for such city."

As a home rule city, the City of Richland Hills is not limited by the law in the amount of debt it may issue. The City's charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The tax rate for fiscal year 2021 was established at $.558551 per $100 of assessed valuation based on 100% appraised value.

CITY OF RICHLAND HILLS, TEXAS **TABLE 16**
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Population [1]	Median Household Income[3]	Per Capita Income[3]	Public School Enrollment	Unemployment Rate [2]
2012	7,801	50,788	22,682	1,441	6.0%
2013	7,801	50,788	22,682	1,441	6.0%
2014	7,801	50,788	22,682	1,765	6.0%
2015	7,920	50,788	22,682	1,765	6.0%
2016	7,920	50,126	24,612	1,765	4.2%
2017	7,920	50,126	24,612	1,765	3.5%
2018	7,920	59,206	29,023	1,765	3.4%
2019	7,920	61,105	29,953	1,765	3.1%
2020	7,920	64,802	31,766	1,765	7.5%
2021	7,940	70,139	34,122	1,765	3.4%

Sources: U.S. Census Bureau
1 North Central Texas Council of Governments (NCTCOG)
2 Texas Workforce Commission
Birdville ISD
3 Data for Tarrant County/NCTCOG

CITY OF RICHLAND HILLS, TEXAS **TABLE 17**
PRINCIPAL EMPLOYERS
Current and Ten Years Ago
(Unaudited)

		2021			2012		
Employer	**Industry**	**Number of Employees**	**Rank**	**% of Total Employment**	**Number of Employees**	**Rank**	**% of Total Employment**
Birdville ISD (3 schools)(2 in 2021)	Independent School District	130	1	5%	178	1	9%
Buyers Barricade	Equipment Rentals	115	2	5%	-	-	
Smith Lawn and Tree	Landscape and Horticulture	105	3	4%	-	-	
Trugreen Chemlawn	Landscape and Horticulture	100	4	4%	60	9	3%
City of Richland Hills	Municipality	94	5	4%	78	6	4%
Hamilton Form Company	Industrial Machinery/Equipment	90	6	4%	100	5	5%
Accurate Metal Stamping	Metal Fabrication	70	7	3%	-	-	
Lexington Place	Nursing and Personal Care	69	8	3%	101	3	5%
WalMart Neighborhood Market	Grocery Store	68	9	3%	-	-	
Valley Dynamo	Table Top Games	65	10	3%	100	4	5%
Royal Bath	Plumbing Equipment/Manufacturing		-		72	7	4%
Harris Packaging	Corrugated Boxes	-	-		120	2	6%
Sterling House Nursing Home	Nursing and Personal Care	-	-		65	8	3%
Richland Hills Nursing Home	Nursing and personal care	-	-		59	10	3%
Total		906		36%	933		47%

Sources: City records and North Central Texas Council of Governments.
Estimated employees FY 2021- 2,500 / Estimated employees - 2,000
Richland Elementary in Birdville ISD closed in 2021

CITY OF RICHLAND HILLS, TEXAS **TABLE 18**

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

	FISCAL YEAR									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Police										
Physical arrests	327	354	416	404	347	438	557	208	515	489
Number of law violations	1,090	1,279	1,346	976	798	1,266	2,783	4,820	3,082	2568
Fire										
Number of fire runs	477	1,375	566	554	740	647	663	663	499	581
Number of EMS runs	898	909	920	902	990	1020	1047	1047	1022	1089
Public Works - Streets										
Streets resurfacing (miles)	0.3	1.0	0.8	1.5	-	1	1	3	1	1
Potholes repaired	517	207	369	168	247	211	356	381	437	455
Public Works - Water/Wastewater										
New Connections	1	2	9	13	1	2	1	4	2	6
Water main breaks	30	9	31	30	19	26	11	13	20	23
Average daily consumption (thousands of gallons)	879	882	654	789	686	877	937	940	978	75 *
Peak daily consumption (thousands of gallons)	1,761	1,517	1,048	1,494	1,125	1,415	1,885	1,870	1,901	396 *
Average daily sewer treatment (thousands of gallons)	697	468	407	793	546	457	537	540	553	415
Library										
Volumes collection	36,346	40,276	37,117	41,701	36,598	37,881	38,123	28,500	27,728	27,346
Total volumes borrowed	34,678	52,218	55,635	37,805	41,980	52,304	59,686	17,820	31,277	27,315
Recreation center (1)										
Link Memberships	-	-	-	-	-	402	635	615	756	671
Fitness Only Memberhips	-	-	-	-	-	30	39	34	15	26
Rentals	-	-	-	-	-	17	359	393	280	327

*Water consumption decrease from Ft. Worth Wholesale Water records. City used more well water during FY 2021

Note: The City's recreation center, the LINK, opened in April 2017.

Source: Various City departments

CITY OF RICHLAND HILLS, TEXAS **TABLE 19**
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	11	11	11	11	8	8	9	9	9	10
(1) Un-Marked Units	-	-	-	-	-	-	9	9	9	6
(1) Un-Marked Volunteer Unit	-	-	-	-	-	-	1	1	1	0
(1) Speed Trailer	-	-	-	-	-	-	1	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	2	2	2	2	2	2	2	2	2	2
Ambulances	1	1	1	1	1	1	1	1	1	2
Public Works - Streets										
Streets (miles)	43.51	43.51	43.51	43.51	43.51	43.51	43.51	43.51	43.51	43.51
Street lights	462	462	462	462	462	462	462	462	462	462
Traffic signals	9	9	9	9	9	9	9	9	9	9
Public Works - Water/Wastewater										
Water mains (miles)	47	47	47	47	47	47	47	47	47	47
Fire hydrants	350	350	350	350	355	355	355	355	355	355
Storage capacity (thousands of gallons)	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360
Sanitary sewer (miles)	60	60	60	60	60	60	60	60	60	60
Storm sewer (miles)	2.5	2.5	2.5	2.5	2.5	2.5	3	3	3	3
Culture and recreation										
Parks	4	4	4	4	4	4	5	5	5	5
Parks acreage	12.1	12.1	12.1	12.1	12.1	12.1	12.6	12.6	12.6	12.6
Recreation center	1	1	1	1	1	1	1	1	1	1
Playgrounds	3	3	3	3	3	4	4	4	4	4
Recreation center	-	-	-	-	-	1	1	1	1	1

Note: (1) Information available starting in Fiscal Year 2018.
Source: Various City departmental records.

CITY OF RICHLAND HILLS, TEXAS **TABLE 20**
FULL-TIME EQUIVALENT (FTE) CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	FISCAL YEAR									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Function/Program										
General government										
Administration	6	7	8	8	8	8	8	8	8	8
City Secretary	1	1	1	1	1	1	1	1	1	1
Economic development	1	-	-	-	-	-	-	-	-	-
Facilities maintenance	-	-	-	-	-	-	2	2	2	2
Public safety										
Police	30	24	25	26	23	22	26	29	29	29
Fire	16	16	17	17	17	17	17	17	17	17
Municipal court	2	2	2	2	2	2	2	2	2	2
Animal services	2	2	2	2	2	2	2	2	2	2
Public Works - Streets	2	2	2	2	2	2	2	2	2	2
Culture and recreation										
Library	7	7	7	7	7	7	7	7	7	7
Parks & Recreation	1	1	1	1	1	25	27	33	34	34
Community development	3	3	3	4	4	4	4	4	4	4
Water and wastewater	10	10	10	10	9	9	9	9	9	9
Drainage utility	3	3	3	3	2	2	2	2	2	2
Total employees	84	78	81	83	78	101	109	118	119	119
Total hours worked	181,747	173,696	177,204	181,822	188,203	191,910	208,167	182,240	197,377	197,377
Total FTE employees (1)	87.4	83.5	85.2	87.4	90.5	92.3	100.1	87.6	94.9	94.9

Note: (1) 1 FTE = 2080 hrs worked in one year.
Source: City records.

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
City of Richland Hills, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richland Hills, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 16, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

George, Morgan & Sneed, P.C.
1849 Wall Street | Weatherford, TX 76086 | *Phone* 817.594.2704 | *Fax* 817.599.7389
www.gms-cpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Richland Hills' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

George, Morgan & Sneed, P.C.

George, Morgan & Sneed, P.C.
Weatherford, Texas
March 16, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Richland Hills, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Richland Hills, Texas's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

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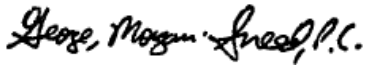
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal controls over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be a material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Weatherford, Texas
March 16, 2022

CITY OF RICHLAND HILLS, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	_____ Yes __X__ No
Significant deficiency identified that are not considered to be material weaknesses?	_____ Yes __X__ None Reported
Noncompliance material to financial statements noted	_____ Yes __X__ No

2. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes __X__ No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes __X__ None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ Yes __X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	_____ Yes __X__ No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

CITY OF RICHLAND HILLS, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

None.

CITY OF RICHLAND HILLS, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Contact for Corrective Action Plan:

Candice Edmondson
City Manager

Financial Statement Findings

None.

Federal Award Findings and Questioned Costs

None.

CITY OF RICHLAND HILLS, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607		$ -	$ 490
Total U.S. Department of Justice			-	490
U.S. Department of Transportation				
Pass-through Texas Department of Transportation				
Highway Planning and Costruction	20.205	CSJ: 0902-90-081	-	721,858
State and Community Highway Safety	20.600	2021-RichlandHillsPD -S-1YG-00061	-	1,742
Total U.S. Department of Transportation			-	723,600
U.S. Department of Treasury				
Tarrant County, Texas				
Coronoavirus Relief Fund	21.019	794626952	-	95,854
Total U.S. Department of Treasury			-	95,854
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 819,944

The accompanying notes are an integral part of this schedule.

CITY OF RICHLAND HILLS, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Reporting Entity

The City of Richland Hills is a municipal corporation governed by an elected mayor and five-member council. The financial statements of the City of Richland Hills, Texas ("City") include all governmental activities, organizations, and functions for which the City exercises significant oversight responsibilities.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal program activity of the City of Richlands Hills, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Indirect Cost Rate

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform guidance.